

Company Code: 600299

Company Abbreviation: Adisseo

Bluestar Adisseo Company

2023 Half-year Report

Important Notice

- I. The Company's Board of Directors, Board of Supervisors, directors, supervisors, and senior management guarantee that, the content of the annual report is authentic, accurate and complete, and contains no false statement, misleading presentation or material omissions, and they assume individual and several & joint legal liabilities for the annual report.**
- II. All of the Company's directors have attended the meeting of the Board of Directors.**
- III. The half-year report has not been audited.**
- IV. Zhigang HAO, the Company's principal, Virginie CAYATTE, the person in charge of the accounting function, and Virginie CAYATTE, the person in charge of the accounting department (the personnel in charge of accounting) state that, they ensure the authenticity, accuracy and completeness of the financial statements in the half-year report.**
- V. The Board of Directors has reviewed the profit distribution plan and the plan to use the statutory reserve to perform a capital increase in the reporting period.**
The Company did not have profit distribution plan or the plan to use the statutory reserve to perform a capital increase in the reporting period.
- VI. Statement on the risks of forward-looking information**
☒ Applicable ☐ Not applicable

The forward-looking information such as future and development strategy, etc. described in the report do not constitute, in any manner whatsoever the Company's substantial commitment to investors. Investors should pay special attention to assessing investment risks.
- VII. Has the capital held by the controlling shareholder and its related parties been used for purposes other than for transaction purposes?**

No.
- VIII. Has the guarantee been granted externally in violation of regulated decision-making procedures?**

No.
- IX. Whether more than half of the directors cannot guarantee the authenticity, accuracy and integrity of the report disclosed by the company**

No.
- X. Risk factors**
☒ Applicable ☐ Not applicable

During the reporting period, no material risks have been identified that will have a substantial impact on the operations of the Company. The Company has disclosed the relevant kinds of business and production risks as well as their corresponding solutions. For more information, please refer to Section 3, Management's Discussion and Analysis, part V.1 "Possible risks in the future".

XI. Other information

√ Applicable ☐ Not applicable

Chinese version of this report

This is an English translation of the Annual Report of Bluestar Adisseo Company. If there is any conflict between the Chinese version and its English translation, the Chinese version will prevail.

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Document for Reference	Financial statements signed and sealed by principal, person in charge of financial function, person in charge of the financial department,
	The original copies of all documents and announcements of the Company publicly disclosed in the newspapers designated by the CSRC during the reporting period,

Section 1 Interpretations

I. Interpretations

Unless otherwise specified, the following terms in the report shall have the meanings shown below:

Interpretations of the terms in common use		
a. General terms		
Company, the Company	Indicate	Bluestar Adisseo Company
BNCM	Indicates	Bluestar New Chemical Material Co., Ltd
Nutriad	Indicates	The Nutriad Holding B.V. company and its subsidiaries acquired by Adisseo in February 2018
Calysta	Indicates	A US-based technology firm that has developed a proprietary Single Cell Protein and its innovative associated manufacturing process
Calysseo	Indicates	Adisseo has formed a joint-venture company called Calysseo together with Calysta in March 2020
FRAmelco	Indicates	The Franklin Group BV and its subsidiaries acquired by Adisseo in December 2020
Nor-Feed	Indicates	A French leader in functional plant extracts for animal nutrition, acquired by Adisseo in Feb 2023
Nanjing Plant	Indicate	Bluestar Adisseo Nanjing Co., Ltd.
Group, the Group, or Adisseo	Indicate	Bluestar Adisseo Company and its subsidiaries
ChemChina	Indicates	China National Chemical Corporation
China Bluestar	Indicates	China National Bluestar (Group) Co., Ltd.
SinoChem	Indicates	Sinochem Group Co., Ltd.
SinoChem Holdings	Indicates	SinoChem Holdings Co., Ltd. is a new company established by the SASAC of the State Council on behalf of the State Council to perform the duties of investor for the purpose of joint reorganization between SinoChem Group and ChemChina. SinoChem Group and ChemChina will be included in the new company as a whole.
BANG	Indicates	Bluestar Adisseo Nutrition Group Ltd
Board of Directors	Indicates	The Board of Directors of Bluestar Adisseo Company
Board of Supervisors	Indicates	The Board of Supervisors of Bluestar Adisseo Company
Shareholders' General Meeting	Indicates	The Shareholders' General Meeting of Bluestar Adisseo Company
Articles of association ("AOA")	Indicate	The Articles of Association of Bluestar Adisseo Company
CSRC	Indicates	China Securities Regulatory Commission
SSE	Indicates	Shanghai Stock Exchange
SASAC of the State Council	Indicates	State Assets Supervision and Administration Commission of China of the State Council
Yuan, 10 thousand Yuan, 100 million Yuan	Indicate	RMB Yuan, RMB ten thousand Yuan, RMB one hundred million Yuan
Reporting period	Indicates	1 Jan 2023 ~ 30 June 2023
Transaction and restructuring	Indicates	In 2015, the company purchased 85% of the common stock of Adisseo through major asset restructuring with related party by issuing shares and cash payment and disposed of all the original businesses of the listed company.
Company Law	Indicates	Company Law of the People's Republic of China
Securities Law	Indicates	Securities Law of the People's Republic of China
Listing Rules	Indicates	Listing Rules of the Shanghai Stock Exchange

Interpretations of the terms in common use		
b. Technical terms		
Feed additives for animal nutrition	Indicates	Feed additives are food supplements for farm animals that cannot get enough nutrients from regular feeds and have to be added to the feed for nutritional purposes; which could promote the growth, development and wellbeing of animals.
Methionine / Methionine product	Indicate	One of the naturally occurring, sulfur-containing essential amino acid, which cannot be synthesized by animals and needs to be added to the feed. Methionine products refer to those that contain methionine itself or chemicals that can be bio-transformed to methionine in animals.
Liquid methionine (“HMTBA”)	Indicates	A methionine hydroxyl analogue, which can be naturally transformed to methionine in animals and is in a liquid state at ambient temperature.
Powder methionine	Indicates	Methionine in a powdery state at ambient temperature.
Ammonium sulfate	Indicates	A colorless crystalline salt, which is a by-product during the liquid methionine production process, and mainly is used as a fertilizer.
Sodium sulfate	Indicates	A white crystalline compound, which is a by-product during the powder methionine production process, and used especially in detergents as well as the production of paper, glass, fuel and pharmaceutical products.
Enzyme	Indicates	A protein molecule functions as a biological catalyst and effectively promotes certain biological reactions in animals, and also can be used to accelerate the reaction processes in chemical industrial production. Enzymes can be added to feed to ameliorate the feed utilization and nutrition, health and immune status of animals.
Ruminants	Indicate	Refers to animals whose stomach is usually divided into four compartments, namely rumen, reticulum, omasum, and abomasum, and chews a cud consisting of regurgitated, particularly digested food. Ruminants include cattle, sheep, goats, deer, giraffes, camels, etc.
Rumen	Indicates	The first stomach of a ruminant, which receives food or cud from the esophagus, particularly digests it with the aid of bacteria and passes it to the reticulum.
Performance products*	Indicate	The following products: methionine, methionine hydroxyl analogue, vitamins, ammonium sulfate and sodium sulfate.
Specialty products	Indicate	The following products: enzymes preparation, rumen-protected methionine, organic selenium additives, probiotics additives and other specialties.
Other products	Indicates	The following products: carbon disulfide, sulfuric acid and services of processing powder.
MMP	Indicates	3-(Methylthio) propionaldehyde. This substance is the first intermediate in the synthesis of methionine. It is generated by the chemical reaction between methane thiol and propylene.
FeedKind®	Indicates	FeedKind® protein is a natural, traceable and safe non-animal source of high protein produced using the world's only commercially validated gas fermentation process. It is a sustainable alternative to high protein feed ingredients such as fishmeal.
KT	Indicates	Kilo ton

**Note: The definition here is only for internal financial reporting purpose as we consolidate the result of main products together with its by-products, which is different from the definition used in animal nutrition industry (i.e. technically, ammonium sulfate should not belong to Performance products if considering from the point of view of animal nutrition industry).*

Section 2 Company Profile and Financial highlights

I. Company profile

The Company's Chinese name	蓝星安迪苏股份有限公司
The Company's Chinese abbreviation	安迪苏
The Company's English name	Bluestar Adisseo Company
The Company's English abbreviation	Adisseo
The Company's legal representative	Zhigang HAO

II. Contact Person and Contact Methods

	Secretary to the Board of Directors
Name	Ms. Liang Qinan
Contact address	9 West Beitucheng Road, Chaoyang District, Beijing
Tel	010-61958799
Fax	010-61958805
E-mail	Investor-service@bluestar-adisseo.com

III. Brief Information

The Company's registered address	Room 6518, Garden Hotel, 30 East Garden Road, Haidian District, Beijing
Any changes in registered address in history	No
The Company's office address	9 West Beitucheng Road, Chaoyang District, Beijing
Zip code of the Company's office address	100029
The Company's website	www.bluestar-adisseo.com
E-mail	Investor-service@bluestar-adisseo.com

IV. Information Disclosure and Preparation Site

The name of newspapers selected by the Company for information disclosure	Shanghai Securities News https://www.cnstock.com/ , China Securities Journal https://www.cs.com.cn/
The website specified by CSRC for publishing the annual report	www.sse.com.cn
Preparation site of the Company's annual report	Board Secretary Office

V. Brief Information on the Company's Shares

Brief information on the Company's stock				
Type of security	Stock exchange on which the securities are listed	Share abbreviation	Share code	Share abbreviation before modification
Ordinary Shares	Shanghai Stock Exchange	Adisseo	600299	BNCM

VI. Other relevant information

☐ Applicable ☒ Not applicable

VII. Main financial data and financial ratios

Main financial data

Unit: Yuan Currency: RMB

Main accounting data	For the six months ended 30 June 2023	For the six months ended 30 June 2022	Changes in comparison with the same period of last year (%)
Operating revenue	6,328,375,755	7,195,404,620	-12.05%
Net profit attributable to the shareholders of the Company	33,400,286	869,479,158	-96.16%
Net profit attributable to the shareholders of the Company after deduction of non- recurring profit or losses	10,640,672	868,377,228	-98.77%
Net cash flow arising from operating activities	1,175,333,319	340,717,427	244.96%
	30 June 2023	31 December 2022	Changes in comparison with the end of last period (%)
Net assets attributable to the shareholders of the Company	15,056,324,222	14,933,588,455	0.82%
Total assets	21,692,285,969	21,343,401,913	1.63%

Main financial ratios

Main financial ratios	30 June 2023	30 June 2022	Change of the present period over the same period of last year (%)
Basic earnings per share (Yuan/ share)	0.01	0.32	-96.88%
Diluted earnings per share (Yuan/ share)	0.01	0.32	-96.88%
Basic earnings per share after deduction of non-recurring profit or loss (Yuan/ share)	0.0038	0.32	-98.81%
Weighted average return on net asset (%)	0.22	6.21	-5.99ppt
Weighted average return on net assets after deduction of non-recurring profit or loss (%)	0.07	6.09	-6.02ppt

Explanations of main financial data and financial ratios:

√ Applicable □ Not applicable

H1 2023 net profit attributable to shareholders landing at around CNY33mil, due to the sharp price erosion and raw material costs still at a high level even though progressively reducing.

Q2 2023 net profit attributable to shareholders grew by ca. 30mCNY compared to Q1 2023 reflecting the progressive positive impact arising from decreasing raw material and energy costs.

Swift and agile action plans to protect margins, such as price optimization, product volume allocation, proactive cash management and extra cost-cutting programs, start to deliver positive impacts on net results.

VIII. Differences of Accounting Data under Domestic and Overseas Accounting Standards

☐ Applicable ☒ Not applicable

IX. Non-recurring Profit or Loss Items

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	For the six months ended 30 June 2023	Description (if applicable)
Net profit or loss on disposal of non-current assets	(579,384)	Scrapping of non-conform or defective equipment-BANC2 write-off
Government grants recognized in profit or loss, other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard	6,728,703	Mainly grants related to assets for land use right and industrial structure adjustment in Nanjing plant and related to R&D policy
Profit or loss on changes in fair value	30,138,400	AVF fair value change
Other non-recurring items	(7,108,727)	
Less: Impact of income tax	(6,419,378)	
Impact of non-controlling interest (after tax)		
Total	22,759,614	

X. Others

☐ Applicable ☒ Not applicable

Section 3 Management's Discussion and Analysis

I. Main businesses, Operating Methods and Industry explanation of the company during the reporting period

On 15th Nov 2022, the world's population amounts to 8 billion and it is expected to continue to rise to be around 10 billion by 2050. The combination of natural resources scarcity, climate change and population growth aggravates the complexity of providing food and nutrition security.

The feed-food chain faces a dual challenge: Producing larger quantities of high quality and affordable meat, milk, and eggs in response to an increasing global demand, while doing so through production systems that are environmentally sound, socially responsible and economically viable. Today it is acknowledged that animal nutrition plays an important role to improve end-product quality and safety, increase livestock production efficiency, reduce its environmental impact, and keep animals healthy and feeling well.

Being a worldwide leader in the feed additives market for animal nutrition and provides a solution approach through partnerships, products and services, research & innovation, Adisseo's mission is to feed the planet in a high-quality, affordable, safe and sustainable way.

Adisseo contributes effectively in developing and providing innovative products and services to the feed and food industry already for more than 80 years while continuously enhancing its sustainable footprint. Especially, Adisseo currently provides feed additives for animal nutrition including essential nutrients and specialty feed ingredients including but not limited to digestibility improvement, preserving precious resources and qualitatively formulated feed, stabilization of gut flora, improving animal health by strengthening the animals' intestinal tract and therefore increase their resistance to harmful micro-organisms. As such, we contribute to the prudent use of antibiotics, reducing the risk of Antimicrobial resistance (AMR). Meanwhile, Adisseo's feed ingredients contribute to support sustainable production and environmental protection by the reduction of effluent (e.g. nitrogen, phosphorus, and methane), the increase of raw material usage efficiency and the balance of animal productivity and welfare.

Adisseo is bringing solutions to premixers, feed mills, farms, integrators and animals in every food producing category: poultry, swine, ruminants and aqua. A global team serves about 4,200 customers in over 110 countries globally to partner in solving issues related to production efficiency, improve livestock performance, optimize animal nutrition and raw material usage, keep animals healthy and feeling well while reducing/minimizing its environmental impact.

Adisseo is present worldwide and operates on all continents with sales force organized in seven business areas: Europe/CIS, Middle East/Africa, Indian sub-continent, North America, South & Central America, Asia Pacific and China. A team of knowledgeable sales and technical support brings expertise to offer professional consultation on additive application technologies and feed formulation and finished products analysis, strengthening its position as the go-to supplier through its distribution platforms for and its long-term and productive relationships with its customers.

Adisseo developed a Key Account Management sales strategy and invests in continuous sales training to improve customer relation, retention and sales performance. A digital marketing strategy with investments in digital tools such as CRM system, e-commerce platform, webinar and video platform, social media and content marketing support the image of Adisseo as an expert and reference in animal nutrition and specialty feed additives.

Leveraging safety and sustainability DNA, the Company pursues the implementation of its "two-business-pillar" strategy, i.e. continuously consolidating its leadership in methionine industry, while accelerating its development in Specialty business.

To do so, Adisseo brings a full range of products and services to the market that supports customers in every step of the feed and animal production for all animal species:

- Performance products:
 - Adisseo is the world leader in liquid methionine and the world's second largest producer in the global methionine market. Adisseo is one of the few global methionine producers capable of producing methionine in both liquid and powder forms.
 - Adisseo is uniquely positioned in the vitamin business in the feed industry, who endeavors to provide a full range of vitamin offerings with high quality and complete traceability.
- Specialites:
 - Monogastric business including
 - Feed Digestibility (enzymes, lysolecithins, etc.): Adisseo is a world-leading and the most recognized supplier of Non-Starch Polysaccharide enzymes resulted from 25+ years development history in this sector.
 - Animal Resilience (products to support animal performance like gut health products, Seliesso, Alterion, Adimix, etc): Adisseo is one of the world leading companies in animal performance products like gut health. The acquisition of FRAmelco is further reinforcing Adisseo's position in the promising and fast-growing animal resilience market segment.
 - Other products (Palatability, Mycotoxin management, Feed Preservation) to support customers in raw material evaluation, feed formulation, feed production, storage and animal well-being and performance.
 - Ruminant (protected methionine, etc.): Represented by our star product Protected Methionine with undisputable market positioning. Adisseo is the world-leading producer of rumen-protected methionine;
 - Aqua and new alternative protein (aqua feed additive and FeedKind®, the new, safe, healthy, traceable and nutritional protein): A new highly promising segment for Adisseo.
- Services: Adisseo brings a comprehensive range of products and services to support customers in every step of the production process of feed and animals.

The 8 R&D centers with around 300 people dedicated to research and innovation, represent true engines of its development to support the “two-business-pillar” strategy.

Adisseo relies on its production sites based in Europe, USA and China to design, produce and market nutritional solutions. The manufacturing platforms enable Adisseo to manage the majority of its production internally, some vitamins are traded and Adisseo works with industrial partnerships for the production of specialties.

To guarantee a sustainable growth model, we are keen to strike the right balance between economic and human development and the preservation of our planet's resources. Safety and sustainability remain to be the priority for Adisseo.

Thanks to innovative methods and constant awareness, all staff members are working together to ensure “Zero Accidents” workplace in all areas: occupational safety, process safety, product safety, transportation safety and environmental safety.

Adisseo is also engaged to minimize environmental impact. Adisseo is pursuing its reduction policy for the impact of its activities on the environment and has set ambitious new environmental objectives.

II. Core competitiveness analysis in the reporting period

✓ Applicable ☐ Not applicable

During the reporting period, there had been no significant change in the Group's core competitiveness.

1. Global Industry Leader

Adisseo awareness is improving all over the world. Adisseo is seen as expert company in animal nutrition thanks to its highly qualified teams and R&D research centers.

➤ **Performance products**

Performance products include mainly methionine and vitamins. Consolidating its leadership on methionine market is the first business-pillar of Adisseo.

Methionine

Methionine is one of the Adisseo's main product categories. The complicated production processes of chemical synthesis of methionine require significant expertise and initial capital investment. The whole production process is regulated and supervised strictly from the prospective of environmental protection and production safety. Therefore, only a few producers in the world can produce methionine safely, sustainably and in large scale. Adisseo is also one of the few global methionine producers capable of producing methionine in both powder and liquid forms.

Adisseo has currently two platforms (Europe and Nanjing), allowing Adisseo to serve our customers in a most cost-effective and reliable way. In addition, Adisseo has started the feasibility study on the next methionine production platform for the purpose to meet the ever-increasing customer demand.

- **European platform**

It is the historical platform, which is structured around four main plants: Les Roches plants is the upstream unit where the first intermediate in the synthesis of methionine, MMP, is produced before being supplied then converted to powder methionine in Roussillon and Commentry plants (France) and to liquid methionine in Burgos plant (Spain).

To increase its liquid methionine production in Europe, there has been consecutive capacity expansion projects performed in recent years, which have successfully provided additional capacity of 80KT/year to the market since Q3 2021, allowing Adisseo to address the continuously growing market and to further improve competitiveness.

Furthermore, Adisseo finalized the development of Rhodimet® A-Dry+, a brand-new methionine product, based on the liquid methionine ("HMTBA") technology also offering a new product for the dairy market: RumenSmart. The new production unit constructed in European platform expansion project was built in Burgos (Spain) and is now producing with continuously increasing production volumes to meet the market demand. Designed to incorporate many aspects of sustainability, the Burgos plant optimizes energy consumption (by recycling waste steam), reduces CO2 emissions, and imposes the minimum possible level of environmental impact.

- **Nanjing platform**

In 2013, Adisseo established the Nanjing plant to firstly supply China market, the world's largest methionine consumption market. Adisseo is one of the first global companies to establish major production facilities to produce methionine in China. Adisseo is continuously improving its cost competitiveness thanks to its fully integrated manufacturing platform, continuous improvement in the manufacturing process thanks to the research and innovation efforts as well as continuously expanded capacity. The gradual increase of investment and production including debottlenecking enabled Adisseo to seize the opportunities afforded by China's rapidly growing methionine demand, swiftly respond to the changes in the market, and further enhance its competitiveness and market position.

To meet the continuously growing demand of customers and to maximize the economic scale of the production platform, thus to further consolidate its leadership role, the Board of Directors of Bluestar Adisseo Company approved the construction of a new liquid methionine plant with a capacity of 180KT per year on January 16, 2018. The new facility is located in the Nanjing Jiangbei New Material Technology Park, adjacent to the existing Adisseo plant in Nanjing. It embeds some specific changes to

production processes to improve environmental protection and to further reduce already world leading production costs. Following the smooth start-up and ramp-up since mid-Sept 2022, Nanjing Plant has now become one of the largest, most technically advanced, and most competitive liquid methionine production platforms in the world. This is a major step in Adisseo's strategy to build a complete global industrial layout. The company ambitions to make full use of it to best meet the growing market demand in the world and to provide most efficient and reliable products and services to its customers in China, in Asia and in the rest of the world. Adisseo is expecting great benefits from the Second Nanjing Plant thanks notably to the important economic scale effect arising from the synergy with the existing Nanjing plant. More than that, the new integrated platform is on its way to make further investment to optimize its energy consumption so as to improve its environmental impact.

- Quanzhou platform – a new powder platform in China

To meet the demand of all methionine customers and to further consolidate leadership in methionine industry, not only in liquid form, but also in powder form, the Board of Directors of Bluestar Adisseo Company decided to construct of a new powder methionine plant with a capacity of 150KT per year in Quanzhou where Adisseo can fully leverage integration synergies with SinoChem group on August 4, 2023 with expected start-up in 2027.

Thanks notably to the Nanjing platform, although there was new capacity from both existing players and newcomers, Adisseo managed to increase its market share from 24% to 27% from 2012 to 2017 and stabilize the market share since then in a context of continuously growing market. Adisseo expects to reinforce its leading position in the coming years and is pursuing its investment path with further capacity expansion projects.

Adisseo markets methionine under Rhodimet®. Adisseo is considered as the best at the "global picture and global supply" for methionine in liquid form by key customers.

Adisseo is a key participant in each regional market across the world. Main competitors are Novus, Evonik, Sumitomo, CJ, NHU and CUC.

Following exceptional economic situation including lower demand of meat and milk, higher raw material prices and sky rocketing energy prices arising from Ukraine crisis, Adisseo decided to take immediate mitigation plan including adapted and optimized European operations to protect margins.

Vitamins

Adisseo is also a major player in vitamins with full range of products, including A, B, D3, E and H. Adisseo markets the vitamin portfolio under Microvit® which is recognized as a reliable and qualitative range of vitamins by our customers. Adisseo selects suppliers and guarantees quality through the Microvit Certification System.

Adisseo holds around 20% of Vitamin A production capacity in feed industry. Adisseo buys raw materials from different sources to avoid supply issues, including large chemical companies to produce its Vitamin A.

One main player has returned to the market in Q2 2022 after its production difficulties in recent years. As a result, Vitamin A experienced a sharp drop in prices since April 2022. Prices have decreased from over 70 €/kg to around 21 €/kg in Q2 2023.

In parallel, the global demand in the feed additives sector reduced, triggered by bird flu outbreaks, and high inflation impacting meat demand. Adisseo has reduced production level at its Vitamin A plant since Q4 2022 to ensure a tight working capital management.

The weak demand situation has also impacted on the Vitamins Portfolio activity, pushing prices and margins to low levels for all suppliers.

Thanks to the optimized production as well as careful management of volumes and prices, the overall

profitability level of Vitamin business is now stabilizing despite significant pricing pressure on Vitamin A business.

➤ **Specialty products**

Specialty products includes 1) rumen business mainly rumen-protected amino acids dedicated to the ruminant species, 2) monogastric business including feed digestibility (enzymes & emulsifiers); animal resilience (incl. probiotic, short and medium chain fatty acids, botanicals and organic selenium); palatability, mycotoxin management, feed preservation allowing to propose solutions dedicated to monogastrics, 3) aqua & new alternative protein, etc.

Accelerating the development of Specialty products is the second business-pillar of the Group. Adisseo has the ambition to become one of the worldwide leaders of specialty additives in animal nutrition thanks to the organic growth of its existing product range, the launch of new products and external acquisitions.

1. Ruminant (Rumen-protected amino-acids)

Based on the world's leading methionine technology, Adisseo has actively developed two rumen-protected methionine: Smartamine®M and MetaSmart®, which are recognized as the best protected methionine for ruminants with excellent performance. These products improve milk composition as well as overall production, reproduction, and health of cows. Ultimately these products contribute to a more sustainable milk production through decrease of the release of nitrogen into the environment, reduce carbon footprints and increase longevity in the herd.

Promotion of two new products, complementary to the existing range, continued as planned: RumenSmart® which has proven its role in mitigating milk fat depression and Smartamine®ML, a rumen-protected lysine, which benefits from the unique coating technology that made the success of Smartamine®. These new products are reinforcing Adisseo offering and its amino acids balancing nutritional program. A new product DynOmik™ will be launch by the end of 2023, which is a first solution improving milk production and reducing methane emissions from cows at the same time.

Adisseo continues investing in R&I to develop innovative technology on Rumen-protected amino acids and new knowledge related to dairy cow nutrition and health.

2. Monogastric

a) Feed Digestibility (Enzymes)

Adisseo developed a leading position in the feed enzymes market. Enzymes improve digestibility and efficiency of feed, which in turn reduces feed costs, cereals consumption (soya, corn...) and nitrogen and phosphorus emissions. Consequently, feed enzymes contribute strongly to a more sustainable animal production. Feed enzymes market can be divided into different segments:

- Non-starch polysaccharide enzymes are used in poultry and swine diets to enhance digestibility of cereals and meals; Rovabio® is a leading brand in the NSPases segment for more than 25 years, supported with the Precise Nutrition Evaluation (PNE by Adisseo), a prediction service to evaluate feedstuff quality and help our customers to formulate the feed in line with the animal needs. PNE service has been completed with Addict, an innovative software which translates automatically the analytical values predicted by PNE into nutritional values used for feed formulation.
- Phytase enzymes are used to break down phytate in poultry, swine and aqua diets to release bound phosphorus. Thanks to this mechanism, phytase enzymes allow for an optimized utilization of phosphorus found in cereals (soya, corn, wheat, II), thus resulting to less excretion of phosphorus into the environment while assuring high performance animal production.

Rovabio Advance®, a Non-Starch Polysaccharide enzyme launched in 2015 continues its nice successful career thanks to an unmatched efficiency.

In 2019, Adisseo has launched Rovabio Advance Phy®, an innovative enzyme product covering the needs of the two above mentioned categories. This product is being made available gradually in liquid and powder form depending on regulatory approvals; consequently, since 2021, acceleration of Rovabio Advance Phy penetration has been witnessed.

In Oct 2021, Rovabio Phyplus, the newest generation phytase product was launched, representing a cornerstone in term of feed digestibility solutions – this new product, used in combination with Rovabio Advance, will reinforce the competitiveness and sustainability of our customers' poultry and swine operations. In addition to its efficiency and its intrinsic thermostability, the product leads to a new way of applying phytase in liquid form in the feed mixer, which will contribute to the simplification, cost-efficiency and safety of operations in feed mills. This new product will be made available gradually over the coming years, based on regulatory approvals.

b) Animal Resilience including

1) Organic selenium

Since the launch in 2014 of Selisseo® (organic selenium), Adisseo became one of the leaders in this segment thanks to an innovative and patented product, supported by extensive R&D and technical work.

Organic selenium helps to enhance reproduction of livestock (poultry, swine and ruminants) improve livability in shrimp and fish, and support production performance and health in challenging conditions (heat stress, physiological and sanitary stress). Thanks to the higher selenium transfer in tissues, organic selenium is also able to improve the quality of the eggs, meat and milk enabling to produce selenium enriched food. Usage of organic selenium increases steadily in all geographies and species.

Adisseo keeps gaining market share, not only in the breeder segment but as well in all other species (broilers, layers, swine, aqua and dairy cows). After successful sales in the USA, penetration into the China market with huge potential will be launched this year.

2) Gut health products

Alterion probiotic is one of the solutions offered by Adisseo to help animal producers to reduce antibiotic usage. Adimix sodium butyrate and Apex botanicals complement nicely Adisseo's offering. The recent acquisition of FRamelco reinforces further Adisseo's position in the promising and fast-growing Health by Nutrition market segment thanks to short and medium chain fatty acids which complement the existing product portfolio.

R&I work is ongoing to develop more products and solutions that will help farmers to produce poultry, swine, fish, and shrimps in a more sustainable way (reduced usage of antibiotics, animal welfare).

c) Palatability

Palatability products stimulate feed intake and consequently support performance and health of animals (swine, horses, ruminant), especially in hot or stressful conditions. Sales growth is driven by innovation, species expansion (dairy) and geographic expansion.

d) Mycotoxin management and Feed preservation

Global warming tends to favor development of fungi on the grains and consequently increases the prevalence of mycotoxins in grains and feeds. Mycotoxin management products alleviate the negative impact of mycotoxins on health, reproduction and performance of poultry, swine, ruminant, and aqua species.

Development of these products is supported by analytical services which help customers to better assess mycotoxin risk in their feeds.

Feed preservation products inhibit the development of mold and bacterial pathogens in grains and feeds, thus allowing better use of feed resources and limiting wastes. Adisseo is gradually phasing out acid-based feed preservation products to limit its exposure to this volatile and commoditized markets and to refocus commercial efforts on higher value specialty additives. Beyond, these acid-based products, the product range also includes antioxidants that prevent degradation of fat and thus protect the nutritional value of feed.

To improve operational efficiency and better focus on high margin products, Adisseo has merged the two-above family of products into a new category called Feed integrity. The purpose of this category is to deliver to customers Solutions that ensure protection of feed nutritional value and prevent any negative effects of mycotoxin on animal health and performance.

3. Aqua & New Alternative Protein

Adisseo offers innovative nutritional and health solutions to sustain fish and shrimp farming in the key markets. Aqua, especially in Asia, represents a great growth opportunity for Adisseo. Adisseo reinforces steadily its field presence in Asia, Latin America as well as in new geographies as Middle East and Africa to develop its sales.

The establishment of Calysseo, the joint venture with Calysta, to develop an innovative protein business FeedKind® for the Aquaculture industry in China and Asia, could be a potential game-changer in the aqua feed sector, which allows Adisseo to tap into a new sector: alternative protein business with great potential. Calysseo Chongqing plant, the world's first commercial FeedKind® facility, completed its construction in 2022, and is now entering trial production progressively. First strategic alliance agreement on FeedKind® has been signed with one of top feed producers in China.

2. Global Production and Sales Network

Adisseo has set up local supply chain systems operating in an efficient and highly responsive way based on the distribution of its regional customers. Its main manufacturing network is spread over Europe, USA and China. In the main regional markets, Adisseo associates to this network some toll-manufacturers for specific products or operations. From those plants, it delivers its finished products directly or indirectly to its customers in the world. It either ships direct to its customers or regional warehouses.

On the Chinese market, for example, to ensure to all of the products safely delivered to customers all over the country on time, Adisseo has established a multipurpose supply chain with a distribution center in Nanjing, combined with 9 distribution warehousing centers national-wide according to where and how much the customers are concentrated. All the same time, this organization allows to Adisseo to export worldwide their products from China.

Adisseo also has a dedicated warehouse in Shanghai for traded products that are sourced in China, grouped in this warehouse and shipped worldwide either to customers or to its regional warehouses.

The Adisseo sales team has regularly opened distribution subsidiaries or offices globally. Adisseo will gradually establish and refine the local sales organizations according to the development of the emerging economies. With the integration of Nutriad, the Group benefits from their subsidiaries in Italy, Spain, Poland, and Greece. In addition, to further develop the sales network globally, Adisseo has set up sales subsidiaries in India, Malaysia, Dubai and Turkey in past years to better provide our products and services to local market by our own team and is now reinforcing our position in South-east Asian market by establishing new entities in Indonesia and Vietnam. In addition to Adisseo's own sales force, Adisseo has set up close long-term relationships with sales agents and distributors around the world to better serve the local market and

customers.

In 2018, Adisseo finalized the development of its e-commerce site through the e-platform of SinoChem Group. The main benefits of this platform are to digitalize the ordering process and allowing them to follow their complete ordering process, payment process as well as goods receipt process online. Especially in recent years, the digital platform played an important role for Adisseo China to effectively respond to the market and customer demand. Adisseo has strengthened customer relationship and opened up new markets through the e-commerce platform by providing customers with more accurate, timely, high-quality and innovative services and will continue to improve the e-commerce platform and strive to maintain the leading position in the industry.

Since 2018, Adisseo has decided to deploy a Global Key Account strategy to better manage their Global Key Customers (with operations in different regions). Key account managers have been nominated for each account. Adisseo focus our attention on customer and apply “Customer Centricity” programs so that all Adisseo employees may understand customer needs more swiftly, while creating a seamless customer experience throughout the organization. A unique tool CRM system has been implemented and is being continuously upgraded to share customer insights, problems and opportunities, to ensure customer retention and new business development.

3. Specialized and Comprehensive Feed Solutions

Because of Adisseo’s brand awareness, consistent product quality, competitive prices and rich product portfolio, most of its main customers purchase more than one kind of product. Adisseo has a long and distinguished history in animal feed nutrition, an outstanding market position, technological innovation and powerful R&D capabilities that allows to develop scientific programs related to customer pain point.

Adisseo has integrated Nutriad, FRAMelco and recently Nor-Feed’s product portfolio to offer new solution possibilities to its customers. Solutions are covering a large range of issues faced by farmers, feed millers and integrators including prevention of nutritional loss in grains and feed during storage; reduction of antibiotic usage; improvement of animal welfare; reduction of feed cost; improvement of cows’ longevity etc.

In addition, dedicated customer programs and training sessions are organized to explore a total approach for e.g. mycotoxin contamination, gut health issues and preventive measurements for antibiotic reduction and AGP (antibiotic growth promotor) ban in husbandry. Nestor, a new Adisseo service, was launched to market in Q3 2022, providing nutritional recommendations and nutritional values to customers, a step further in formulation accuracy for more sustainable production.

In the context of global surge of raw material cost for feed production, solutions have been developed and introduced to customers to enhance product efficiency and control production costs such as low-protein application. A special on-line “protect your margin” program has been launched in 2023 as raw material cost for feed production remains high..

To further improve customer preference and differentiate from competition, Innov’l@b is continuously scouting disruptive technologies, products, and services to improve efficiency, sustainability, and animal wellbeing at customer level.

4. Unparalleled Market Explorer and Pioneer

Adisseo has continuously expanded its business to successfully seize the opportunities presented by the growth in demand for protein and animal feed additives in emerging economies. With population growth, growth in income per capita and changes in diet in emerging economies, a greater demand for animal proteins exists. Adisseo’s products enhance the metabolism and health of the animals and increase the efficiency in animal husbandry. The growth in population and per capita income and the need for higher efficiency in using land and water resources have created bright prospects for Adisseo’s core products.

To fulfill its mission which consists in feeding the planet in a high-quality, affordable, safe and sustainable way, Adisseo strives to keep a leading position on methionine market (first business-pillar of Adisseo's strategy) and to bring new solutions by accelerating the development of Specialty products (second business-pillar).

Methionine

Adisseo is actively preparing future development by combining extensions and debottlenecking of existing production facilities, while, at the same time, improving their reliability, performance and environmental compliance:

- Adisseo secures sourcing for strategic raw materials. In 2016, Adisseo integrates sulfur melting activity of Sobegi in European platform;
- Adisseo increases its production capacities in both Europe and China plants. The project of construction of a new liquid methionine plant in Nanjing and another new powder methionine plant in Quanzhou is a key step to implement the “two-business-pillar” strategy and important action to consolidate leadership role in methionine industry.

Adisseo conducts each year new surveys and initiates new projects to reduce the environmental impact of its activities: high level of environmental investments conducted in past several years, such as new electrostatic filter to reduce dust in fumes and a wastewater pre-treatment plant in Nanjing, new furnace to maximize energy recovery on a MMP (intermediary product in the synthesis of methionine) production unit, investment of a new wastewater treatment unit at Commentry which was put into use in fall 2021. A new project is being launched in NANJING plant to retreat waste currently burned in a biological way to produce synthesis gas, which will allow us to save flue gas and produce additional gas for our other incinerators. At the same time, Adisseo will set up a water recycling unit to limit our water consumption. The project will contribute to reduce energy and water consumption, thus increase cost competitiveness. Additionally, the steam recycling project in Nanjing being constructed is well on track with expected completion date in Q3 2023, which will enhance the energy utilization and reduce carbon footprint accordingly.

Specialties

Adisseo reinforces its core businesses and diversifies its portfolio in high growth segments by developing strategic partnerships, innovative products and external acquisition. Main industry drivers include high feed cost, antibiotics replacement, yield improvement, quest for sustainability, animal welfare, etc. with target to build a complete, tailor-made solution offering using the following key criteria to select the best development opportunities:

- technology (added value, ‘solutions’ to client’s needs, growth & profitability)
- access to market
- services to be provided (digitalization)
- species dimension (Poultry, Swine, Ruminants, Aqua)

5. Strong Research and Innovation Capabilities

Adisseo R&I has launched its new strategic plan (R&I 2025) organized around 5 pillars: Producing Tomorrow, Experimenting Tomorrow, Winning Together, Influencing Tomorrow and Aiming 4 Efficiency. These 5 pillars have been set up to deliver the Adisseo R&I vision: “Together we deliver customer-driven innovation by impulsing and driving science and technology to feed sustainably our future”. Each pillar is organized around a portfolio of initiatives and projects, all contributing to help Adisseo in its journey to deliver sustainable growth to its customers and to itself.

Adisseo is committed to have a long-term implication in research and is fully involved to find sustainable and meaningful innovations in animal nutrition field. Thus, Adisseo decided to support research by launching the Adisseo Research Grant (ARG) with the aim of encouraging international labs to collaborate on some of the main challenges of the feed industry. Those challenges include sustainability, antibiotic bans, new feedstuffs, early feeding, and hot conditions. The objective is to offer up to 1M€, over 3 years, to collaborative projects addressing key feed industry challenges. The call for proposals of the first edition of

the Adisseo Research Grant started on June 2021. 80 pre-proposals of great quality were received with 2 final winners. 2 projects were selected by the jury. The second round of call for proposals was launched on June 22. The laureates of the second grant were announced during the WPC (World Poultry Congress) that took place in Paris last August 2022. In 2023, we are getting the first results of the first edition of the ARG, and the 2024 call is being prepared.

In parallel to this new “open-innovation” initiative, Adisseo internal R&I capabilities are reinforced. Three new R&I Centers have been established in China (Nanjing), France (Lyon & La Rochelle) respectively. The one locating in Lyon, to be operational by Q3 2023 is to regroup all chemistry, engineering, nutrition, and analytical capabilities. The other French center in La Rochelle is to regroup and develop product formulation capabilities including encapsulation, drying, additives protection. Both Chinese and the R&I center locating in La Rochelle are now fully operational up till now.

Being the only subsidiary in SinoChem focused on animal nutrition industry, Adisseo R&I has been positioned by SinoChem as “SinoChem Animal Nutrition Central Institute” in early 2023.

In the meantime, Innov’L@b (created during 2017) aimed at selecting and developing innovative disruptive solutions, has reoriented its approaches by focusing its activities on 4 different key domains: PLF (Precision Livestock Farming), Factory 4.0, disruptive ingredients, and alternative proteins. These domains are seen by Adisseo as long-term challenges to support the sustainable development of the group.

Furthermore, Adisseo increases its cooperation with several international laboratories, universities, and research institutions, strengthens its bonds with the scientific community, encourages the passion for innovation, and attracts technical talents by sponsoring R&I projects on the different topics/challenges. After partnerships officially started with the Sichuan University in Chengdu on swine nutritional research, with the University of Arkansas in Fayetteville (US) on poultry nutritional research, with the Nanyang Technical University in Singapore on aquaculture nutritional research, with the University of Wisconsin on ruminant research, and one with INRAE in France on specific critical global nutritional topics, 2 new long-term partnerships have been formalized in China recently with Beijing University Chemical Technology Institute and Tianjing university to develop disruptive technologies and product development in bioengineering and new crystallization technology.

The new aquaculture Research & Innovation center in Singapore is now up and running. Priorities have been given to the development of Adisseo aquaculture business and to support the new Adisseo-Calysta joint venture on alternative proteins (Single Cell Proteins). In the meantime, starting from its French experimental farm, Adisseo is fully engaged in the development of new data management techniques to run its experimental farms. Following a long-term development for its Precise Nutrition Evaluation (PNE tool), the system is now also operational and being further developed and customerized in China where the specificities of the available raw materials needed specific developments.

Along with the nutritional competencies, Adisseo remains an industry pioneer through its own prominent Research and Innovation capabilities since the release of powder methionine in 1945. Adisseo is one of the first companies in the world to synthesize methionine and vertically integrate its upstream and downstream production processes, one of the first companies to develop rumen-protected methionine for the ruminant market and is one of the first companies to develop the coated Vitamin A product. Adisseo was the first company to launch a high concentrated Vitamin A (1 million unit/g), which became the new market standard.

From 2014 onwards, Adisseo launched one new product/service per year, and it is targeted that 20% of revenue of specialties business will come from new products by 2026. After the launch of Rovabio Advance Phy early 2022, Nestor, a new Adisseo service, was launched to market in Q3 2022, providing nutritional recommendations and nutritional values to customers, a step further in formulation accuracy for more sustainable production. The launch of Dynamik will be first in US in 2023, which is a first solution improving milk production and reducing methane emissions from cows at the same time.

6. Scientific and Competitive Cost Operational Structure

Adisseo has vertically integrated its upstream and downstream production processes in methionine production. Its methionine production extends to the production of propylene, sulfur and other such basic materials, ensuring a stable and reliable supply for the hazardous intermediates in methionine production. These intermediates mainly include methanol, MMP, hydrogen sulfide, hydrogen cyanide, among others. These materials have limited suppliers in the public market and production is not integrated. Through the production of these intermediates, Adisseo is able to monitor the product quality at each production step, and appropriately lower the production costs and become even more competitive at the same time.

7. Experienced Management Team with Rich Industry Experience

The Adisseo management team has over decades of industry and management experience in animal feed additives and international company management on average. Adisseo's management team has focused on effectively integrating and allocating Adisseo's global business and resources. Additionally, at Adisseo, the commitment of its people is a key performance indicator alongside safety and financial results. Adisseo has built employee development and incentive programs, which provides an internal drive for sustainable growth.

Adisseo's has adapted its Executive committee recently. Dr Zhigang Hao, Chairman of Adisseo's Board of Directors for more than 5 years, starts to undertake the role of Chief Executive Officer since 1st July following the leaving of Jean-Marc DUBLANC from his operational duties in Adisseo. This succession, well anticipated and prepared, ensures a smooth transition to maintain and strengthen Adisseo's strategy and organization. He is also responsible for Adisseo Group strategy and directly supervises Adisseo executive members including Frédéric JACQUIN, Chief Operating Officer, as well as other five executive vice presidents responsible for finance, strategy and sustainability, Research & Innovation, HR and China operations respectively.

Adisseo is investing in technical and scientific expertise through the creation of a Sales academy, a Research and Innovation academy, a project academy, and an internal school for production efficiency. Adisseo is also investing in technical and scientific expertise through individual development program dedicated to high potential scientists selected every year for a strategic list of expertise, and through an associated specific recognition program.

III. Discussion and Analysis of the Operation

Adisseo's businesses focus on research, development, production and sale of feed additives for animal nutrition. Its main products are classified within 3 categories of products: Performance products, Specialty products, and Other Products for other animal feed additives.

Its performance, financial position and future are affected by the global macro economy. The global macro economy is experiencing high inflations, rising trade barriers, increasing commercial and geopolitical tensions, exchange rate fluctuations, animal diseases such as bird flu, African Swine Fever etc. Volatility and uncertainty is prevailing. The market demand has been impacted by the high raw material costs.

Being a key player in the food value chain, Adisseo has shown its resilience in facing the challenges.

Adisseo has taken steps to improve its competitiveness, including improving production technologies, increasing its production capacity, providing value-added services and enriching product portfolio as well as on-going competitiveness enhancement program launched since 2019 and extra cost control plan further implemented since Q3 2023 to address the serious challenges from energy crisis.

2023 H1 Performance Summary

I. Business Review: Revenues & Net Profit Contributed to Shareholders

Unit: CNY (100mil)	H1 2023	H1 2022	YoY variance
Operating revenue	63.3	72.0	-12%

- Performance Products	41.6	52.2	-20%
- Specialty Products	17.5	15.4	14%
- Other Products	4.2	4.4	-5%
Gross profit* <i>(in % of operating revenue)</i>	13.3 21%	22.7 32%	-41% -11ppt
- Performance Products	4.6	14.5	-68%
- Specialty Products	7.0	7.4	-5%
- Other Products	1.7	0.7	143%
Net profit attributable to the shareholders of the Company	0.3	8.7	-97%

Safety is and will remain Adisseo's priority. The safety performance for 12-month rolling TRIR as of 30 June 2023 landed at 0.56.

Adisseo is on track towards its sustainability ambition. GHG emissions intensity increased in Q2 but still in line with expectation due to the turnaround in European plants.

Steam recycling project, one of the strategic plans to improve energy consumption in Nanjing plant, is well on track with expected go-live around Oct 2023.

Adisseo issued its 2022 Sustainability Report (CN version) during Chinese National Safety Month, echoing national promotion of ESG and illustrating the Company's strong commitment to the sustainable development.

In H1 2023, in the context of significant macro-environment challenges, net profit attributable to shareholders landed at around CNY33mil, mainly due to the sharp price decrease in performance products.

Regarding the methionine business, Adisseo achieved strong volume growth (+24%) in liquid methionine driven notably by China. This positive dynamic is supported by the acceleration in the installation of new liquid methionine spraying equipment.

Pricing has been under ongoing downwards pressure globally, but some signs of stabilization are emerging.

Decrease in raw material and energy costs are starting to impact positively variable and distribution costs in Q2.

Adjustment measures, including the temporary shut-down of a European powder plant are being continued to optimize costs.

On Vitamins, thanks to the careful management of volumes and prices, profitability starts to stabilize despite significant pricing pressure on Vitamin A business.

Specialties revenues recorded continued double-digit growth, mainly driven by:

Double-digit growth in ruminant business despite headwinds and the difficult market conditions especially in China

Continued growth in Health by Nutrition driven by excellent performance of Selisseo across all regions and in particular in Latin America and North America

Partly offset by monogastric business impacted mainly by difficult swine market

Specialties Capacity Expansion and Optimization Project is progressing well in Spain with start-up expected in H1 2024.

The acquisition of Nor-Feed, a French group that designs, produces and markets plant-based specialty ingredients and plant extracts for animal nutrition, was closed in February 2023. During

Q2, Nor-Feed and Adisseo are progressing on synergies especially in China, while Nor-Feed is well on track on its business development.

Construction of New industry platform of Innov'ia was completed by the end of June. A new production facility with more capacity to meet long term customer demand and in line with new European standards in terms of Security & Quality has been established,

In H1 2023, One-China Strategy progressed successfully with tangible benefits delivered:

1. Double-digit revenue growth (+18%) in China driven by extraordinary penetration of liquid methionine in China market
2. Nanjing Plant (BANC360) operates at competitive cost and excellent safety performance; Detailed Engineering Design of new China Specialty blending facility in progress with land purchase completed
3. "Smart Plant" Digitalization Project in Nanjing plant accelerating its speed with promising return on yield improvement, energy consumption as well as higher-level safety and sustainability
4. Joint Research & Innovation cooperations have been established between Adisseo and Beijing University of Chemical Technology and Tianjin University to develop disruptive technologies and product development in bioengineering and new crystallization technology.
5. Calyseco Chongqing plant, the world's first commercial FeedKind® facility, pursues its trial production. The product is expected to be launched in Chinese market by the end of the year.

II. Cash-flow and Net Debt

Cash position as of 30 June 2023 stood at CNY870million, an increase of CNY73mil compared to 31 December 2022, mainly thanks to significant improvement in working capital.

IV. Operation of main business of the reporting period

I). Analysis of main business

1. Analysis of main changes in items of profit & loss statement and cash flow statement

Unit: Yuan Currency: RMB

Items	Amount of current period	Amount in the same period of last year	Change (%)
Operating revenue	6,328,375,755	7,195,404,620	-12.05%
Cost of sales	4,998,471,707	4,927,455,886	1.44%
Selling and distribution expenses	614,748,837	555,770,666	10.61%
General and administrative expenses	363,622,547	346,270,346	5.01%
Research and development expenditure	202,833,128	164,829,213	23.06%
Financial expenses	43,841,183	20,543,401	113.41%
Net cash flow from operating activities	1,175,333,319	340,717,427	244.96%
Net cash flow from investing activities	(833,666,729)	(833,149,604)	0.06%
Net cash flow from financing activities	(327,625,542)	(784,779,582)	-58.25%

Decrease in revenue was mainly arising from the downward pressure on selling prices especially on performance products due to that the sluggish demand together with tough competition.

Slight increase of cost of sales was due to volume increase partly offset by the decrease in costs of raw materials and energy.

Increase of R&D expenses is due to the acceleration of R&I activities.

Increase of selling and distribution expenses due to customer installation and storage costs.

Increase of financial expenses was mainly due to the increase of interest expenses from borrowings.

Increase of net cash flow from operating activities is mainly due to the working capital improvement

Decrease of net cash outflow from financing activities is due to repayment of preferred shares in 2022.

2. Details on significant changes of profits structure and sources

☐ Applicable ☒ Not applicable

II). Significant change in the Company's profit composition or profit sources in the reporting period arises from the ancillary businesses

☐ Applicable ☒ Not applicable

III). Analysis of assets and liabilities

1. Information of assets and liabilities

Unit: Yuan

Balance Sheet Items	30 Jun 2023	Percentage to total assets (%)	31 December 2022	Percentage to total assets (%)	Total Fluctuation	Explanations on fluctuation
Advances to suppliers	159,758,269	0.74%	106,820,399	0.50%	49.56%	Mainly purchased material
Other non-current financial assets	112,115,553	0.52%	75,870,564	0.36%	47.77%	Change in fair value of AVF
Construction in progress	830,428,552	3.83%	517,223,599	2.42%	60.56%	Due to new projects
Other non-current assets	14,502,417	0.07%	28,491,983	0.13%	-49.10%	Decreased prepayments for tangible assets
Derivative financial liabilities	1,265,842	0.01%	363,722	0.00%	248.02%	Due to fair value
Contract liabilities	4,693,217	0.02%	8,934,000	0.04%	-47.47%	Decreased advances from customers
Taxes payable	205,602,186	0.95%	142,516,899	0.67%	44.27%	Normal variation of income tax receivable, business, tax, VAT, etc
Other payables	912,652,924	4.21%	571,091,319	2.68%	59.81%	Variation mainly due to dividends payable
Current portion of non-current liabilities	94,021,800	0.43%	288,069,057	1.35%	-67.36%	Mainly due to reversals
Long-term payables	34,573,112	0.16%	14,631,033	0.07%	136.30%	Payable from Nor-Feed acquisition
Provisions	406,986,389	1.88%	296,836,310	1.39%	37.11%	Increase due to additional antidumping provision in USA

2. Summary of overseas assets

☒ Applicable ☐ Not applicable

(1) Assets amount

Overseas assets amount was CNY 11,127,707,037, accounts for 51% of the Group's total Assets

(2) Other description

As a global manufacturer of animal nutrition additives, Adisseo's sales and distribution network, production capacity, research and innovation strength are distributed all over the world. Our reliable and efficient production network is mainly composed of two production platforms located in Europe

and China.

3. Restricted assets at the end of reporting period

☐ Applicable ☒ Not applicable

4. Other information

☐ Applicable ☒ Not applicable

IV). Summary of Analysis of overall investments

☐ Applicable ☒ Not applicable

(1) Significant equity investment acquired in the reporting period

☐ Applicable ☒ Not applicable

(2) Significant non-equity investment made in the reporting period

☐ Applicable ☒ Not applicable

(3) Financial Assets measured at fair value

☒ Applicable ☐ Not applicable

Adisseo holds derivative financial instruments to manage the effect of changes in currency exchange rates. Derivatives are not used for speculative purposes. For most of those transactions, the Group applies cash flow hedge accounting and documents, at the inception of the hedge, the type of hedging relationship, the hedging instruments, the nature and the term of the hedged item.

For further detail, please refer to Part VII No.57 “Hedging” in Section 10.

V). Sales of Major Assets and Equity

☐ Applicable ☒ Not applicable

VI). Analysis of companies controlled by or invested in the Company

The following figures are based on financial information before elimination of the entities.

Company Name	Registered/Subscribed Capital	Business	Total assets	Net assets	Net profit	Change
Adisseo France S.A.S	EUR 83,417,000	R&D, production and distribution	8,605,703,258	5,318,499,764	9,655,281	Decrease in net profit was mainly arising from the downward pressure on selling prices especially on performance products sluggish demand together with tough competition, and relatively high cost of raw materials.
Bluestar Adisseo Nanjing Co., Ltd	RMB 3,037,640,586	R&D, production and distribution	6,310,762,700	5,023,621,983	125,702,157	
Adisseo Life Science (Shanghai) Co., Ltd	USD 700,000	Distribution & Sourcing	1,771,982,349	516,507,145	23,476,785	
Adisseo USA Inc.	USD 3,139,000	Distribution	1,112,471,310	451,929,737	(16,465,231)	
Adisseo Brasil Nutricao Animal Ltda	BRL 1,987,106	Distribution	464,862,685	17,146,988	(25,911,172)	

Subsidiaries representing more than 10% of the Group's consolidated net profit:

Company Name	Adisseo France S.A.S	Bluestar Adisseo Nanjing Co., Ltd
Business	R&D, production and distribution	R&D, production and distribution
Revenue	3,900,160,435	1,633,611,961

Adisseo France S.A.S is an important subsidiary of Adisseo: the main businesses of this company are R&D, manufacturing as well as distribution of protected methionine for ruminants and vitamin A produced at the Commentry plant, powder methionine produced at the Commentry and the Roussillon plants, upstream products of methionine at the Les Roches plant and also of liquid methionine produced at Burgos plant (Spain).

Bluestar Adisseo Nanjing Co., Ltd is the second largest entity within the Adisseo Group and deals with the production of liquid methionine and is building Research & Innovation Center in China.

VII). Structured entities controlled by the Company

☐ Applicable ☒ Not applicable

V. Other Disclosure Matter**1. Possible risks in the future**

☒ Applicable ☐ Not applicable

Adisseo's insurance coverage policy is in line with risk management.

The material, specific risks to which the Group is exposed, based on its own assessment are divided into seven categories of risks.

- Political and regulatory risks;
- Risks deriving from climate and environmental issues;
- Economic and competitive risks;
- Financial risks;
- Industrial risks;
- Other operational risks;
- Social and societal risks.

(1) Political and regulatory risks

Adisseo is sensitive to the structural and economic risk factors that affect nutritional feed additives. These risks are all analyzed as part of strategic planning processes that allow Adisseo to anticipate certain changes in the external environment and prepare for them. The Group's research and innovation policy also helps to deal with strategic developments.

a. Risks related to cross-border operations, oversight and business expansion

As a global producer of nutritional feed additives, Adisseo is implementing and is operating businesses all over the world. Cross-border operations are exposed to the risks related to changes in the market, economy, geopolitics, demographics, public consensus, exchange rates, trade barriers, exchange control, regulatory, tax regimes, restrictions on foreign investment in some regions. For example, of Adisseo's 54 subsidiaries, 48 are located outside China Mainland, over 80% of its sales and a significant part of its production are outside China.

Although Adisseo has extensive experience in operating a global business, changes in policies and laws and regulations of the countries in which its assets and business are located may affect the operation of its business in such countries. In addition, rising geopolitical tensions and measures aimed to contain spread of COVID pandemic, in case of renewed of the outbreak, could result in additional restrictions to cross-borders trade. Investors should be aware of the risks associated with Adisseo's cross-border operations worldwide considering that Adisseo is also developing its network of subsidiaries and participations all over the world. The recent Ukraine crisis enhanced the level of uncertainties is accelerating inflation in energy and raw materials costs especially in Europe, and also weigh on the availability of certain raw materials and energy such as natural gas. It may increase the likelihood of supply interruptions and impact Adisseo's sales, cost of procuring raw materials, or distribution costs in future periods.

b. Risks related to compliance, law and regulatory framework

Compliance means lawful business conduct. The principal compliance rules are set out in the Adisseo's Code of Ethics, which explicitly prohibits e.g., all forms of corruption, including "facilitation payments," and violation of antitrust regulations. Risks could result from failure to comply with the corresponding regulations. To minimize compliance risks, extensive training and sensitization of employees is undertaken at face-to-face training sessions and/or through e-learning programs. In its operating business, the Adisseo Group is exposed to liability risks, especially in connection with product liability, patent law, tax law, competition law, antitrust law, social law and environmental law (detail please see below). Any major change

of the regulation applicable to Adisseo's activities or changes in public law could also give rise to legal risks or impact Adisseo's business, growth or profitability.

In terms of ethical risks, the main risks identified are: corruption, non-compliance with competition rules, fraud, and breaches of personal data (privacy). Any breach of the ethical principles of Adisseo in own operations or through its supply chain could constitute a legal, judicial and reputational risk. In order to prevent the occurrence of such risks, ethical compliance policies and procedure are rolled out throughout Adisseo and apply to all the entities.

(2) Risks deriving from climate and environmental issues

In the longer term, climate change could have a greater impact on Adisseo's activities, for example through changes in regional or seasonal energy demand, changes to the network's production, the obligation to reduce CO₂ equivalent emissions, heightened regulations and neutrality carbon.

Adisseo is firmly committed to combating climate change by reducing its greenhouse gas emissions and energy consumptions

c. Risks related to environmental protection policies

As a feed additives producer, Adisseo is subject to strict regulation and monitoring by governmental authorities with respect to discharge of sewage water, exhaust gas and solid wastes. As the public becomes more environmentally aware, if countries in which Adisseo operates amend the current environmental laws and regulations or alter the current pollutant discharge standards, the Company may need to incur additional costs and expenses to establish new environmental protection facilities. Although Adisseo continuously invests on sustainable development, Adisseo's effort to minimize its products or activities potential environmental impacts may not provide the expected outcome which is likely to impact its business growth. In addition, confirmed or suspected breach of any environmental regulation may prompt governmental authorities to temporarily suspend or to cancel permits to operate the manufacturing plants.

Health safety is also at the heart of Adisseo concerns. All manufacturing sites are FAMI-QS certified. The risk methodology retained is HACCP (Hazard Analysis Critical Control Point).

(3) Economic and competitive risks

d. Risks related to the cyclical fluctuation of the global macro economy

As an international company, Adisseo provides products and services to around 4,200 customers in over 110 countries and regions. Its performance, financial position and future will continue to be affected by the global macro economy, which has been impacted since 2020 by the COVID pandemic. Policy and control disparities across countries in fighting COVID spread are creating a divergent economic recovery. In addition, the rising cost associated to these measures taken may generate long-term impacts of the global economy hampered by high public debt and civil unrest resulting from an uneven recovery. The debt crisis, trade imbalances, exchange rate fluctuation and other issues also increase the uncertainty of such recovery. The fluctuation of the global economy will increase fluctuation in Adisseo business.

e. Risks related to imbalance of supply and demand

The methionine market is affected by global methionine production capacities, the imbalance between supply and demand, the availability and pricing of raw materials and various factors such as the global macro economy.

f. Risks related to market competition

Adisseo faces competition from large and well-known companies with strong financial positions as well as competition from other companies in regional or local markets as well as newcomers. Adisseo has taken steps to improve its competitiveness, including tightening cost control, improving production technologies, providing value-added services, introducing brand-new products and increasing capacities in the Nanjing and European plants.

g. Risks related to raw materials and energy

Adisseo continues to operate in a volatile, uncertain, and challenging environment, characterized by high prices on raw materials, energy and logistics costs. Raw materials used by Adisseo mainly include propylene, sulphur, methanol, ammonia and natural gas. Adisseo has a limited number of suppliers for such materials because such raw materials are not easily transportable. If the suppliers fail to supply such raw materials, if the prices of such raw materials fluctuate significantly, or if Adisseo fails to acquire sufficient raw materials at a reasonable price, the Company's business, financial position, and results from operations may be

materially and adversely affected. A renewed outbreak of the Covid pandemic could result in new administrative shutdowns and restrictions to cross-border shipments as well as natural disasters could damage supplier's physical assets, which could increase the risk of interruption in the sourcing of raw materials.

In addition, Adisseo may be involved with raw material and energy suppliers whose practices do not comply with Human Rights, environmental standards or business regulations. This might cause reputational damage, financial loss and legal liabilities.

h. Risks related to product research and development, technology upgrade and alternative methionine production technologies

In order to maintain their respective competitiveness, Adisseo, as well as its competitors, continue to invest in innovation, launch innovative products to meet the customers' needs and develop new production technologies that are more efficient and competitive. R&D projects and collaborations aiming to improve production process and technologies may be terminated because of factors such as changes in market conditions, changes in technology, and changes in government policies. If Adisseo fails to continuously launch new products or improve its production process, or if Adisseo's competitors successfully launch competitive products or improve their production process better and faster than Adisseo, its market position will be eroded, which may materially and adversely affect the business, financial positions, and results of Adisseo. For instance, application of alternative methionine production technologies (such as the fermentation approach) or other technologies in the enzymes or vitamins businesses may adversely affect the production and operations of Adisseo.

(4) Financial risks

The Group is exposed to foreign exchange risk, defined as the impact of the financial position and income statement of exchange rate fluctuations, in the performance of its operational and financial activities.

Due to its operational activities, Adisseo is exposed to the risk of default by its counterparties (customers, suppliers, partners, intermediaries, and banks).

i. Risks related to exchange rate

The reporting currency of the Company's consolidated financial statements is the Chinese Renminbi, or RMB. The majority of Adisseo's production, operation and sales are performed outside of China, and day-to-day transactions are mainly carried out in EUR and USD. Exchange rate risks mainly include risks associated with translating foreign currencies for the purpose of conducting day-to-day transactions and risks associated with translating foreign currencies into RMB when preparing Adisseo's financial statements. Fluctuation of exchange rates may expose its operations to exchange rate risk and may adversely affect the financial position of the Company.

j. Risks related to customer credit

Adisseo is exposed to the credit risk of its customers. While Adisseo seeks to manage such exposure through a number of measures such as establishing customer accounts, setting credit limits for customers, obtaining deposits and security, and profiling the customers' credit risk, there is no assurance that such risk will be entirely eliminated.

k. Risks related to the potential changes in tax and custom duties

As an international company, Adisseo may be investigated by the tax authorities in the relevant countries with respect to its tax matters from time to time. Tax audits or investigations may result in Adisseo losing its tax benefits, exemptions, other tax incentives or favorable tax arrangements or schemes with the tax authorities, which may subject Adisseo to a higher effective tax rate. Although Adisseo had no material tax-related issues so far, there is no assurance that the provisions made by Adisseo will be sufficient; or that Adisseo will not be subject to a higher tax rate.

As provided under the paragraph (a) above, geopolitical tensions and restrictions to free trade could increase risks and uncertainties regarding import regulations and custom taxes.

(5) Industrial risks

The areas of activity in which Adisseo operates carry industrial risks capable of causing harm to individuals, property or the environment. These risks could expose Adisseo to claims for civil, criminal and/or environmental liability. These may relate to facilities that belong to the Group or are managed by it on behalf

of customers, or facilities where employees work. The process safety of the facilities that Adisseo operates is one of its major concerns. The handling of these risks is subject to in-depth monitoring and specific targeted investments, and audits of the facilities in question are performed regularly. Some of Adisseo French facilities are classified as “upper tier” Seveso sites.

l. Risks related to hazardous chemicals

Adisseo’s complex production process involves many hazardous chemicals that require special production, transportation, and storage facilities. In addition, production process and research and development processes generate waste gas, liquid and solid waste. Even though Adisseo is committed to Health, Safety and Environment system, and has adopted prudent safety measures and exercises grave precautions in accordance with relevant laws, regulations and administrative measures, there is risk that leaked hazardous chemicals, emission of waste gas, liquid and solid waste may exceed the relevant standards. Adisseo will assume serious civil or criminal liabilities and may be liable to pay financial compensation, which may materially and adversely affect its business, financial position and results from operations.

m. Risks related to accidents and disasters including diseases outbreak

In order to minimize the potential risks of the shutdown of production facilities or accidents involving the production facilities which will adversely affect the company, the local Companies conduct periodic inspections for manufacturing facilities.

However, there is no guarantee that such accidents arising out of production facilities or negative effects caused by natural disasters will be completely prevented or reduced. For example, there have been outbreaks of bird flu, foot-and-mouth disease, mad cow disease and swine flu in recent years. Such outbreaks of diseases that adversely affect poultry or livestock may adversely affect the poultry and livestock populations, consumers’ perceptions about certain protein products and demand for the products used as nutritional ingredients for animal feed. Frequent outbreaks of poultry or livestock diseases around the world may materially and adversely affect the business, financial position and results of operations of the Company.

In the event of an accident that causes environmental releases, property damage and/or human injury during transportation, near the plant, or a system network failure, such circumstances may, in addition to undermining the Company’s business activities, involve major costs and have a significant impact on market perceptions of the Company, which, in turn, may adversely affect the operational results and financial condition of the Company.

(6) Other operational risks

n. Risks related to improper lay-out of production plan

Adisseo’s performance may be restrained by its production capacity. Adisseo has made progressive investments over the last years to increase its production capacities and proactively manage its inventories. However, customers’ orders may not be fulfilled in a timely manner as a result of inappropriate production planning, malfunction of the production facilities, repairs of the production facilities or failure to convert the new production capacity into actual production. Failure to meet customers’ needs may damage Adisseo’s reputation and image as well as its relationship with its main customers, which may result in customers choosing its competitors’ products. This may adversely affect future sales of the Company.

Furthermore, if Adisseo over-estimates the future demand of its products and increases its production capacity based on such estimates but if such future demand fails to materialize, Adisseo’s business, financial condition and results of operations could be materially and adversely affected. Certain loss events – such as fire or machinery breakdown – may result in a temporary incapacity to operate productions facilities.

o. Risks related to break-down of information system

Adisseo is continually exposed to new threats due to the use of new technologies, the multiplication of connected objects, the evolution of industrial control systems, the spread of mobility tools, cloud computing, and the development of new uses, including social networks and the in-depth analysis of data.

Adisseo continually adjust its prevention, detection and protection measures for all its information systems and critical data.

In addition, the business activities of the Companies are becoming increasingly dependent on computer network systems, and although the Companies are working to protect their systems or data by means of sophisticated security systems, there is still the possibility that system network failures may occur owing to electric power interruptions, natural disasters, or criminal attacks on the system, including computer viruses and hackers.

Information technology system and/or network disruptions, whether caused by acts of sabotage, employee error, malfeasance or other actions, could have an adverse impact on the Company's operations as well as the operations of the Company's customers and suppliers. Other business disruptions may also be caused by security breaches, which could include, for example, attacks on information technology and infrastructure by hackers, viruses, breaches due to employee error, malfeasance or other actions or other disruptions.

Adisseo and/or the Company's suppliers may fail to effectively prevent, detect and recover from these or other security breaches and, therefore, such breaches could result in misuse of the Company's assets, loss of property including trade secrets and confidential or personal information, some of which is subject to privacy and security laws, and other business disruptions. As a result, Adisseo may be subject to legal claims or proceedings, reporting errors, processing inefficiencies, negative media attention, loss of sales, interference with regulatory compliance which could result in sanctions or penalties, liability or penalties under privacy laws, disruption in the Company's operations, and damage to the Company's reputation, which could adversely affect the Company's business, results of operations, financial condition and cash flows.

Like other companies, Adisseo is the target of industrial espionage, including cyber-attacks, from time to time. Adisseo is experiencing an increase in attempts to breach its information technology systems, including in conjunction with implementation of work-from-home protocols adopted in response to COVID-19. These cyber-security threats include phishing, spam emails, hacking, social engineering, and malicious software. Adisseo has determined that these attacks have resulted, and could result in the future, in unauthorized parties gaining access to certain confidential business information. Although Adisseo has not experienced any material losses to date related to these security breaches, including cybersecurity incidents, there can be no assurance that Adisseo will not suffer such losses in the future. Adisseo seeks to actively manage the risks within the Company's control that could lead to business disruptions and security breaches. As these threats continue to evolve, particularly around cybersecurity, Adisseo may be required to expend significant resources to enhance the Company's control environment, processes, practices and other protective measures. Despite these efforts, such events could have a material adverse effect on the Company's business, results of operations, financial condition and cash flows.

p. Product liability claims and litigation

Through its policies, organization, procedures and governance, Adisseo endeavors to prevent operational risks that could affect its reputation.

During the normal course of its business, Adisseo may be subject to actual or threatened legal proceedings, arbitration or administrative penalties arising from disputes with respect to product liability, patents and other intellectual property rights or any other claim or action brought during the course of its business. Such disputes, legal proceedings or arbitration may adversely affect Adisseo's operations and reputation. If any of the judgments or arbitral awards or decisions of the authorities is made against Adisseo, Adisseo may need to recall its products, change the formula of its products or stop selling its products. In addition, even without a court decision, confirmed or suspected defectiveness of a batch of product may prompt a Adisseo or client to launch a recall of products.

q. Risks related to insurance policy coverage

Per industry standards, Adisseo currently has insurance coverage for operations, product quality, inventory, transportation, environment, finance, senior management, employees, industrial accidents, IT system, etc., but Adisseo may be subject to liabilities for which it may not have adequate or any insurance, or that cannot be insured at all, thereby resulting in claims not being honored to the full extent of the losses or damages suffered.

r. Risks related to intellectual property

Adisseo benefits from protection of its intellectual property rights afforded by the laws and regulations of the countries in which it operates. However, there is no assurance that the measures Adisseo has taken will be sufficient to protect its intellectual property rights when such rights are challenged, infringed or abused by a third party. Furthermore, Adisseo operates in many countries, some of which may provide less

protection for intellectual property rights against infringement than others. As a result, Adisseo may be disadvantaged in certain markets. In addition, Adisseo may be subject to claims brought by a third party in connection with its infringement of such third party's intellectual property rights.

s. Risks related to acquisitions and equity alliances

Adisseo is engaging in domestic and international acquisitions and equity alliances with the aim of expanding its business and enhancing its competitiveness. Adisseo is committed to generate the synergies or other positive effects it originally expected due to changes in the business environment surrounding the Company or its acquisition.

t. Risks related to material lawsuits, arbitration and administrative penalties

In its day-to-day operations, Adisseo may be involved in material lawsuits, arbitration, administrative penalties or other disputes due to products, labor, taxes and other related matters, which may damage Adisseo's operations and reputation. Adisseo is improving its processes in accordance with the requirement of a listed company's corporate governance and process with the professional assistance of external advisors.

u. Risks related to inappropriate communication on social media

Adisseo and its employees are active on numerous social media channels. The use of these media is important in terms of increasing awareness of Adisseo brand and products. Adisseo takes precautions and implements processes to ensure awareness of the proper handling of social media, controlling publication, and actively managing communication.

Nevertheless, unauthorized communications on social media, purported to be issued by Adisseo, may contain information that is false or damaging and could have an adverse impact on Adisseo's image and reputation.

(7) Social and societal risks

Adisseo is also exposed to risks with direct financial impact which is difficult to assess and, with non-financial impact which is considered significant.

Adisseo is committed to eradicating serious accidents and continuing to reduce occupational accidents among its employees, to improving well-being at work and to preventing psychosocial risks.

v. Risks related to Human Resources

Talents with industry expertise are a key competitive advantage of Adisseo and essential to Adisseo's market position and business operations. If Adisseo fails to retain or attract excellent talents with industry expertise in the future or to reduce its key employees' dependencies, it may face talent drain and experience a bottleneck in its future business development. Therefore, Adisseo constantly develops and improves its employee incentive, staff retention schemes, training and recruitment programs to effectively control such risks.

w. Risks related to labor disputes

Adisseo operates in many countries around the world. Its centers of operations and production bases are mainly located in France, Spain and China where labor laws are relatively stringent. When making decisions in relation to production, operation or financing, Adisseo must notify, and consult with the union representative or relevant committee or seek consent of the union representative or relevant committee. Strict labor laws and complex consultation process may limit the flexibility of Adisseo's decision-making process and its ability to react to the changes in market conditions. Employees of Adisseo may disagree with Adisseo on certain matters which may result in disputes and litigation between the employees and the employer, strikes and boycott by employees. This may materially and adversely affect the businesses, financial position and results from operations of Adisseo.

In addition, Adisseo's suppliers may also be subject to strikes or claims brought about by their own employees, which may in turn affect the ordinary operations of Adisseo.

2. Explanation of those non-disclosure parts due to national security or commercial confidentiality reasons

✓ Applicable ☐ Not applicable

For confidentiality purpose, Adisseo does not disclose information related to produced volumes by products

during the reporting period, neither costs paid for raw materials. The amount of production volumes disclosed relates to production capacity and the cost of raw materials disclosed relates to market prices. Financial information by product is based on segment information (Performance products, Specialty products and Other products).

Section 4 Corporate Governance

I. Brief introduction to General Shareholders' Meetings

Meetings	Convening Date	Index Reference for the Resolutions published on the website	Disclosure date of the resolution published
2022 Annual General Meeting	31 st May 2023	2023-015	1 st June 2023

The preferred shareholders whose voting rights are restored request to hold an extraordinary general meeting of shareholders

☐ Applicable ☒ Not applicable

Description on general meeting of shareholders

☒ Applicable ☐ Not applicable

The company held one shareholder meeting during the reporting period: 2022 Annual General Meeting. The meeting reviewed and approved proposals on annual report, board working reports, profit distribution plan, appointment of auditor and internal control auditor and other proposals. For the resolution of these meetings, please refer to the relevant announcement above.

II. Change in directors, supervisors and senior management of the Company

☒ Applicable ☐ Not applicable

Name	Position	Description of change
Xiaolei ZHU	Director	Elected
Zhigang HAO	General Manager (CEO)	Appointed
Frederic JACQUIN	Deputy General Manager and Chief Operating Officer	Appointed
Virginie CAYATTE	Chief Financial Officer	Appointed
Fabien SIGUIER	Deputy General Manager	Appointed
Frank CHMITELIN	Deputy General Manager	Appointed
Jean-François ROUS	Deputy General Manager	Appointed
Jean-Marc DUBLANC	General Manager	Resignation
Hao WANG	Director	Resignation
Yun CAI	Person in charge of Finance	Resignation

Detailed description on the change of directors, supervisors and senior management

☒ Applicable ☐ Not applicable

- On 26th April 2023 and 31st May 2023, being approved by the 10th board meeting and general shareholders' meeting for FY2022, Mr. ZHU Xiaolei was elected as a member of 8th board of director. The term of office starts from the date of approval by the shareholders' meeting and ends on the expiration of the term of office of the 8th Board of Directors of the Company (please refer to the announcements 2023-009, 2023-010 and 2023-015).
- On 26th April 2023, being approved by the 10th board meeting, Mr. Zhigang Hao was appointed as General Manager(CEO) of the Company. The term is from the 1st July 2023 to 22nd September 2024

which is the expiry date of the 8th board of directors (please refer to the announcements 2023-009 and 2023-010).

3. On 26th April 2023, being approved by 10th board meeting, Mr. Frederic JACQUIN was appointed to be the Deputy General Manager and Chief Operating Officer of the Company, Ms. Virginie CAYATTE was appointed to be the Chief Financial Officer of the Company, Mr. Fabien SIGUIER, Mr. Frank CHMITELIN and Mr. Jean-François ROUS were appointed to be the Deputy General Manager of the Company (please refer to the announcement 2023-009 and 2023-011).
4. On 26th April 2023, due to retirement, Mr. Jean-Marc DUBLANC applied to resign as the Company's General Manager since 1st July 2023. After his resignation, he will continue to work for the Company as Director and Special Committee members (please refer to the announcements 2023-010).
5. Due to personal reasons, Mr. Gary WANG applied to resign as the Company's Director. After his resignation, he will continue to work for the Company as Deputy General Manager and Executive Vice President of Adisseo Great China (please refer to the announcement 2023-010).
6. Due to personal reasons, Ms. CAI Yun applied to resign as the Company's Person in charge of Finance. After her resignation, she will continue to work for the Company as Communication & Digital Transformation Director (please refer to the announcement 2023-011).

III. Profit distribution of ordinary shares or capitalization of reserves

1. The profit distribution plan and the plan to use the statutory reserve to perform a capital increase in the reporting period

Profit distribution of ordinary shares or capitalization of reserves	No
Share dividend per 10 shares	N/A
Cash dividend per 10 shares	N/A
Capitalization of reserves per 10 shares	N/A
Explanation on Profit distribution of ordinary shares or capitalization of reserves	
	N/a

IV. Implementation of equity incentive plan, employee stock, ownership plan, or other staff incentive measures in the current reporting period

1. Incentive measures with no subsequent modifications, after announced publicly in the reporting period (interim announcements).

☐ Applicable ☒ Not applicable

2. Incentive measures with further subsequent modifications, or not announced publicly in the reporting period (interim announcements).

Descriptions of equity incentive measures

☐ Applicable ☒ Not applicable

Others:

☐ Applicable ☒ Not applicable

Employee stock

☐ Applicable ☒ Not applicable

Other incentive measures

☐ Applicable ☒ Not applicable

Section 5 Environment and Social Responsibilities

I. Environmental information

1. Environmental issues of listed companies and their subsidiaries declared as major pollutant discharge units by the competent environmental protection authorities

☒ Applicable ☐ Not applicable

Bluestar Adisseo Nanjing Co., Ltd (hereafter as BANC), Adisseo's plant located in Nanjing, China, has implemented strict environment protection policies since its establishment. It has continuously made investment in the area of environment protection and is endeavored to contribute to the green sustainability development. With the release of the FORUS system of Sinochem Holdings Corporation Ltd., Nanjing plant has also upgraded the current environmental protection management system against FORUS system to ensure that the management foundation is continuously consolidated and the environmental protection performance is continuously improved.

(1) Information about discharge

☒ Applicable ☐ Not applicable

BANC has been implementing strict environment protection policies since its establishment with our priority of reducing the impact on the environment. In the first half of 2023, the exhaust gas, waste water and noise generated in daily operation have met the requirements of stable and up-to-standard discharge, and the legal disposal rate of hazardous waste and general solid waste has reached 100%. Detailed information of discharge is as follows:

Types of discharge	Locations of discharge outlets	Main pollutant	Discharge method	Number of discharge outlets	Discharge concentration/discharge rate	Allowable discharge limit	Execution standard of pollutant discharge	Total annual discharge (tons)	Excessive discharge
Waste gas	Production facility area	SO ₂	Organized discharge	10	2.713mg/m ³	50mg/m ³	Pollutant Discharge Standards for Petrochemical Industry	1.75	No
	Production facility area	NO _x		12	57.03mg/m ³	100mg/m ³ , 300mg/m ³	Petrochemical Industry Pollutant Discharge Standards, Hazardous Waste Incineration Pollution Control Standards	70.50	No
	Production facility area	Dust		13	1.21mg/m ³	20mg/m ³ , 1kg/h, 30mg/m ³	Pollutant Discharge Standards for the Petrochemical Industry, Comprehensive Discharge Standards for Air Pollutants in Jiangsu Province, and Pollution Control Standards for Hazardous Waste Incineration	2.01	No
	Production facility area	NH ₃		5	0.10kg/h	75kg/h, 27kg/h, 35kg/h, 4.9kg/h	Emission Standards for Odor Pollutants	2.08	No
	Production facility area	HCN		2	ND	0.3mg/m ³	Inorganic Chemical Industry Pollutant Discharge Standard	0.002	No
	Production facility area	H ₂ S		4	0.002kg/h	6.225kg/h, 0.33kg/h	Emission Standards for Odor Pollutants	0.21	No
	Production facility area	CS ₂		3	0.027kg/h	28.75kg/h, 1.5kg/h	Emission Standards for Odor Pollutants	0.26	No
	Production facility area	H ₂ SO ₄ mist		2	ND	10mg/m ³	Inorganic Chemical Industry Pollutant Discharge Standard	0	No
	Production facility area	MSH		3	ND	0.69kg/h	Emission Standards for Odor Pollutants	0.04	No

	Production unit area, laboratory, hazardous waste warehouse, logistics center	NMHC		18	1.93mg/m3	80mg/m3,182.5 2kg/h,108kg/h,7 .2kg/h	Emission Standards for Volatile Organic Compounds in the Chemical Industry	2.135	No
	Production facility area	Acrolein		4	ND	3mg/m3	Pollutant Discharge Standards for Petrochemical Industry	0.13	No
	Production facility area	Acrylic Acid		4	ND	20mg/m3	Pollutant Discharge Standards for Petrochemical Industry	0	No
	laboratory	CH4		1	1.13mg/m3	/	none	0	No
	Production facility area	Propanol		1	/	/	none	/	No
	Production facility area	CH3CO OH		1	/	/	none	/	No
	Production facility area	CH3OH		2	NDmg/m3 0.099kg/h	60mg/m3,54kg/h	Pollutant Discharge Standards for Petrochemical Industry	0	No
	Production facility area	NH3	Non-organized discharge	4	0.09mg/m3	1.5mg/m3	Emission Standards for Odor Pollutants	/	No
	Production facility area	CH3OH		4	ND	12mg/m3	Pollutant Discharge Standards for Petrochemical Industry	/	No
	Production facility area	H2SO4 mist		4	ND	0.3mg/m3	Inorganic Chemical Industry Pollutant Discharge Standard	/	No
	Production facility area	HCN		4	ND	0.024mg/m3	Inorganic Chemical Industry Pollutant Discharge Standard	/	No
	Production facility area	MSH		4	ND	0.007mg/m3	Emission Standards for Odor Pollutants	/	No
	Production facility area	CS2		4	ND	3mg/m3	Emission Standards for Odor Pollutants	/	No
	Production facility area	TSP		4	0.721mg/m3	1mg/m3	Comprehensive Emission Standards of Air Pollutants	/	No
	Production facility area	H2S		4	ND	0.06mg/m3	Emission Standards for Odor Pollutants	/	No
	Production facility area	NMHC		8	0.605mg/m3	4mg/m3	Pollutant Discharge Standards for Petrochemical Industry	/	No
	Production facility area	Acrolein		4	ND	0.4mg/m3	Pollutant Discharge Standards for Petrochemical Industry	/	No

	Production facility area	Odor		8	ND	20 (No unit)	Emission Standards for Odor Pollutants	/	No
Waste water	Production facility area	COD	Continuous discharge	5	33.94mg/L	500mg/L	Nanjing Jiangbei New Material Science and Technology Park Enterprise Sewage Discharge Management Regulations (2020 Edition)	8.86	No
	Production facility area	NH3-N		5	1.715mg/L	45mg/L	Nanjing Jiangbei New Material Science and Technology Park Enterprise Sewage Discharge Management Regulations (2020 Edition)	0.143	No
	Production facility area	pH value		5	7.63 (No Unit)	6.9 (No Unit)	Nanjing Jiangbei New Material Science and Technology Park Enterprise Sewage Discharge Management Regulations (2020 Edition)	NA	No
	Production facility area	SS		5	9.95mg/L	400mg/L	Nanjing Jiangbei New Material Science and Technology Park Enterprise Sewage Discharge Management Regulations (2020 Edition)	5.731	No
	Production facility area	BOD5		1	46mg/L	300mg/L	Nanjing Jiangbei New Material Science and Technology Park Enterprise Sewage Discharge Management Regulations (2020 Edition)	7.09	No
	Production facility area	S-		1	0.04mg/L	1mg/L	Pollutant Discharge Standards for Petrochemical Industry	0.0561	No
	Production facility area	CN		1	0.013mg/L	0.5mg/L	Pollutant Discharge Standards for Petrochemical Industry	0.0004	No
	Production facility area	TP		5	0.251mg/L	5.0mg/L	Nanjing Jiangbei New Material Science and Technology Park Enterprise Sewage Discharge	0.066	No

							Management Regulations (2020 Edition)		
	Production facility area	TN		1	12.83mg/L	70mg/L	Nanjing Jiangbei New Material Science and Technology Park Enterprise Sewage Discharge Management Regulations (2020 Edition)	2.02	No
Noise	factory	Equivalent continuous sound level A	Continuous discharge	/	61.3dB(A)(Day), 51.4dB(A)(Night)	65dB(A)(Day), 55dB(A)(Night)	Emission Standards for Environmental Noise at Boundary of Industrial Enterprises	/	No

Solid waste	Actual discharge (tons)	Discharged transferred (tons)	Discharge processed (tons)	Remaining discharge (tons)
Waste sulfuric acid, waste acrolein catalyst, waste resin, fluorescent tubes, incineration furnace pollutants, waste mineral oil, activated carbon, dust collector waste bags, contaminated chemical solid waste, electronic waste, laboratory analysis waste liquid, laboratory reagent bottles, digestion pipe, etc., polymer residue, organic waste liquid, waste ammonium sulfate residue, sulfur filter residue, recovered liquid sulfur, expired chemicals, carbon disulfide cleaning waste liquid, workshop sewage collection tank sludge, biochemical sludge, used catalyst Net, spent WSA catalyst, MMP initial distillation and rectification tower waste liquid, MMP initial distillation tower waste liquid, methyl mercaptan and methyl sulfide separation tower waste liquid, acrylic acid stripping and acrolein rectification waste liquid, lead-acid battery	43139.0025	118.9875	43017.9245	2.0905

(2) Information about anti-pollution facilities' construction and operation√ Applicable ☐ Not applicable

- 1) BANC has actively carried out communication and exchange of technical solutions. In 2023, it planned to complete the installation of the online monitoring system for the high flare process and connect it with the platform of the environmental protection authorities at the end of 2023.
- 2) The online monitoring system of the exhaust port of BANC2 project have been installed and commissioned, and networked with the platform of the environmental protection authorities.
- 3) Renew the existing analyzers of some chimneys such as CS₂ furnaces and liquid furnace to ensure the stable operation of the environmental protection online analysis system.

The WWPT facility adopts the world-leading technology of international benchmark water treatment company, which has the advantages of strong resistance to impact load, strong impact load resistance, large operation flexibility, and compact land size. At present, the average concentration of effluent fully meets the 500mg/L takeover standard of NCIP after the sewage discharge standards was raised in NCIP.

Waste liquid incinerator, waste gas incinerator and corresponding environmental protection facilities involving denitration, desulfurization and dust removal are in normal operation. The overhauling and shutdown of them in case are reported in advance according to the requirements of government departments and recorded in the process of pollutant discharge permit management.

Adisseo's steam recycling project in BANC is now very quickly coming to trial stage and is expected to be completed in Q3 2023. After completion and operation, it will be more efficient to use of the excess steam produced by the Nanjing plant, save more energy and create more benefit.

(3) Environmental impact assessment and other environmental protection administrative permits of construction projects√ Applicable ☐ Not applicable

In February, 2023, RICA obtained the new EIA approval. BANC passed the second round of cleaner production audit expert meeting was held at Feb. 20th, 2023 and reached the 1st level of cleaner production (International advanced level). The acceptance of environmental protection of BANC2 project has been held at June 30th, 2023.

(4) Prepared plan for environmental emergencies√ Applicable ☐ Not applicable

No environment emergent accident happened in BANC in the first half of 2023. Emergency plans including environmental emergencies have been established. In the first half of 2023, the Company completed a special drill for sudden environmental emergency in the whole plant, which will continue in the second half of the year to continuously improve the ability to deal with environmental emergencies.

(5) Environment related self-monitoring program√ Applicable ☐ Not applicable

According to the annual meteorological data of NCIP and the general layout of BANC, six unorganized emission online monitoring points were set up at the plant boundary, considering the surrounding sensitive target locations. H₂S and other eight malodorous pollutants and malodorous OU values were being monitored. There are 7 monitoring sub-stations in this project (including a reserved one for BANC2). Each monitoring sub-station provides real-time continuous monitoring of unorganized emissions of gas pollutants at the plant boundary through a wireless self-organizing monitoring network. 24 hours of stench supervision and control shown on the screen at the northeast gate of the plant, web-linked with NJCUO's environment surveillance network. This is the first in NCIP, which meets the latest requirements of Jiangsu Province for safety and environmental protection supervision. The Company also planned to build an environmental protection information system with the basis of HSE five-sphere integrated plan, and further integrate,

monitor and statistically analyze all current online monitoring data, so as to find deviations and anomalies more quickly, intervene as early as possible, and ensure compliant and up-to-standard discharge all the time.

According to the monitoring frequency requirements of the pollutant discharge permit, the self-monitoring scheme is prepared, and the actual monitoring frequency exceeds the requirements of the pollutant discharge permit.

(6) Administrative penalties for environmental problems during the reporting period

☐ Applicable ✓ Not applicable

(7) Other environmental information

☐ Applicable ✓ Not applicable

2. Information about Listed Companies not declared as major pollutant discharge units

£ Applicable ✓ Not applicable

(1) Administrative penalties for environmental problems during the reporting period

£ Applicable ✓ Not applicable

(2) Disclosure of other environmental information with reference to major pollutant discharge units

£ Applicable ✓ Not applicable

(3) Reason for not disclosing other environmental information

£ Applicable ✓ Not applicable

(4) Other information beneficial to protecting ecology, preventing pollution and fulfilling environmental responsibility

✓ Applicable ☐ Not applicable

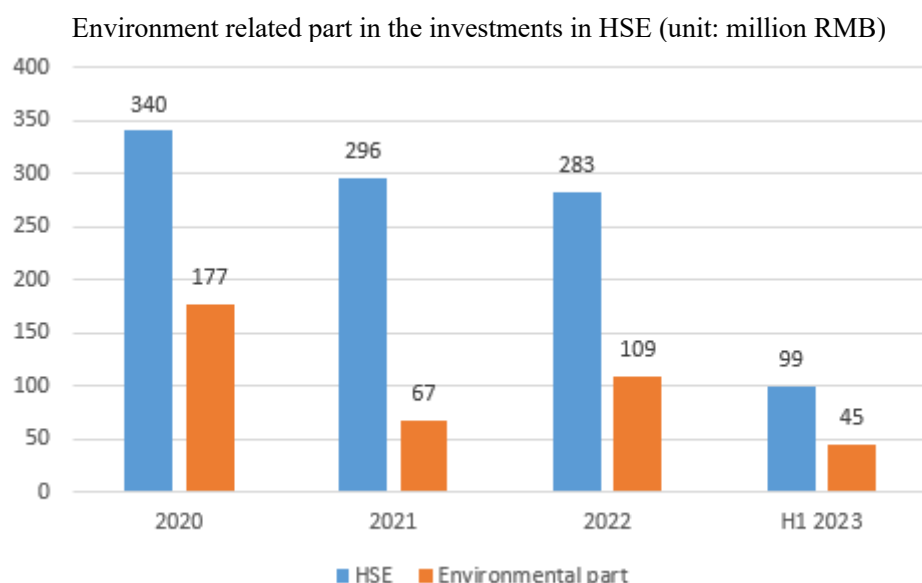
Every year, Adisseo conducts new surveys and initiates new projects to reduce the environmental impact arising from its activities. From the supply chain to the water and energy consumption of production plants, office buildings and sales activities, every part of Adisseo is covered by the company's environmental policy. Adisseo is taking account of all the complaints with utmost care and strives to take the innovative route to addressing these issues.

To promote sustainable growth, each industrial project is used to strengthen our control of safety and environmental risks and reduce their impact. Since 2021, Adisseo decided to test the use of an internal carbon pricing to encourage investments in low-carbon and carbon-free technologies through the implementation of an internal carbon pricing. Today, our process related to R&I support to industrial plants (named OCAPI) has totally integrated this practice to prioritize more virtuous actions and projects.

We also accelerate our investments and initiatives:

- Development of renewable power supply of our industrial sites (Decarbonated energy purchase contract at Nanjing plant already in place since the beginning of 2021 and renewable power supply at Burgos since 2020/01/01). In total, these various contracts account for more than 55% of the company's electricity purchases. Most of the remaining purchases are related to electricity purchases in France, whose energy mix has a lower environmental impact.
- New wastewater treatment station (WWTS) in Commentry (France) started in 2021 totally operational with expected performance achieved.
- Implementation of new exchangers for energy efficiency at Commentry plant (VENUS project) and started in H1 2022
- Tournesol project, which aims to reduce energy consumption, supported by ISO 50001 certification deployment (energy management system). In September 2021, ISO50001 certification of our last major industrial site not yet certified.
- GREEN project which consists in its first step in carrying out a global inventory of ideas to reduce

water consumptions and waste quantities



ADISSEO has defined a deliberate HSE investment strategy of close to RMB 300 million per year over the last three years. Environmental related investments represent 50% of the total of HSE investments and related to projects and initiatives mentioned above.

3. Measures taken to reduce carbon emissions during the reporting period and their effects

✓ Applicable ☐ Not applicable

Sustainability is critical for Adisseo and the company has defined clear guidelines based on carbon neutrality and the limitation of its environmental impact. Adisseo's objectives are aligned on international standards such as Paris agreements, the COP21 and contribute to the UN Sustainable Development goals such as SDG 2 "Zero hunger", SDG 8 "Decent work and economic growth", SDG 12 "Responsible conception and production" and SDG 13 "Climate action".

In addition to these actions, Adisseo is working to strengthen its governance in order to act responsibly at all times, in strict compliance with its ethics charter and by systematically applying a policy of open dialogue and continuous improvement. This proactive and balanced approach to decision making considers the interests of all the company's stakeholders: customers, staff, shareholders, and society at large, with particular importance given to the communities in which Adisseo's production sites are located. Adisseo's ambition is to establish Sustainable Development at the heart of Adisseo Strategy in order to build a sustainable future for the Group, and to align Adisseo environmental footprint objectives with the COP21 Paris agreement objectives. Four priorities have been defined:

- Reduce Adisseo environmental footprint,
- Contribute to the reduction of the environmental footprint of our value chain,
- Ensure a responsible behavior towards employees, stakeholders and the society,
- Strengthen Adisseo Governance and SD reporting.

Adisseo is been committed to reducing its greenhouse gas emissions intensity by 20% as well as its water and energy consumptions per kilogram of product over a ten-year period since 2015. As of December 31st, 2022 Adisseo is ahead of its original 2025 target on GHG emission and energy consumption thanks to projects to develop and optimize processes, improve energy efficiency and the on-going purchasing renewable or decarbonated energy.

Starting from 2021, Adisseo took another step forward. It has chosen, as an additional objective, a path to reduce its absolute GHG emissions by 2.5% per year (2019 reference). In 2022, Adisseo reinforced its ambition again regarded the GHG emissions in absolute. The company decided to adopt a reduction of 21% in 2025 compared to 2020, allowing to be fully aligned on the 1,5°C SBT (Science Based targets)

trajectory while including growth activities.

In 2022, Adisseo also defined a reduction objective regarding energy consumption in absolute: -13% in 2025 compared to 2020.

Adisseo's commitment is long-term. Each year, Adisseo decides on new initiatives and new progress which allows to build and continue to advance on the path of sustainable development for the company and for the entire food production chain.

- In 2021, Adisseo carried out a plan to reduce its absolute GHG emissions (scope 1 and 2). The scope covers all direct emissions related to its current industrial activities and indirect emissions related to its energy purchases, which will be achieved through various measures such as developing and optimizing its processes, improving energy efficiency and the possibility of purchasing renewable or decarbonated energy, so as to ensure the reduction of carbon footprint when conducting business activities.
- Adisseo is constantly seeking to optimize its logistical flows and modes of transport for its marketed products, by favoring the safest transport, improving its customer service and minimizing its environmental impact. The transportation of these products is the second most important element of Scope 3 of our carbon footprint, just behind raw materials and services. To reduce our carbon footprint and save on our logistics costs, a multimodal isotank transport mode has been implemented. It combines road, sea and rail transportation. Another example is the shipment of liquid methionine by parcel tanker from our production platform in China to Brazil. This new mode of transport allows us to consolidate our shipments that were previously sent by container and leads to cost optimization and a reduction in associated greenhouse gas emissions. In the same way, internal logistics flows within a country are optimized. By centralizing the arrival points of our products and by prioritizing transport by rail from several distribution centers, all the while allowing shipments to customers by truck if they cannot accommodate railcars directly, this development not only leads to an improvement in transport safety, a reduction in costs of several hundred thousand euros, an improvement in customer service, but also a significant reduction in greenhouse gas emissions.
- Since 2021, Adisseo has also committed to contribute to the 30/60 decarbonization together with society, by considering eight axes:
 - Ensure energy efficiency of processes
 - Use renewable and decarbonated energy
 - Improve process yields and develop low-carbon process through rupture technologies
 - Use bio-sourced raw materials
 - Favor circular economy and recycling
 - Drive toward cleaner and optimized logistics
 - Develop CO2 capture, use and storage
 - Develop products whose usage contributes to environment

Moreover, Adisseo nutritional solutions contribute to reduce the environmental impact of animal production. We are especially focusing our expertise on following sustainability axes to support the livestock value chain:

- reducing emissions from livestock
- making efficient use of natural resources
- reducing our reliance on marine resources, especially regarding protein resources
- helping tackle antimicrobial resistance while Improving lifetime performance of animal production

We implement scientific recognized methodologies to measure and improve the environmental impact of the production and use of our solutions and innovative products all along the supply chain for livestock. Rough calculation of the reduction in carbon dioxide emissions with Adisseo's innovative products: 1) For the application of Rovabio, the carbon footprint can be reduced by 5% to 15% depending on the market and region. 2) According to a study conducted in Southeast Asia, because of different culture effects caused by promoting feed formula optimization, the potential reduction in carbon footprint by using Nutri-Lyso in shrimp culture production is between 7% and 20%. 3) In ruminant products, based on trials on typical French cattle, Adisseo's ruminant products can help reduce nitrogen excretion by about 10% and improve feed optimization, thus reducing carbon dioxide emissions by 35%.

II. Description of consolidating the achievements in anti-poverty and rural revitalization

☒ Applicable ☐ Not applicable

While pursuing the company's high-quality development and business diversification, Adisseo focuses on the "decisive battle against poverty alleviation to realize a well-off society in an all-round way" and actively participates in the poverty alleviation in China. It not only raises funds for special poverty alleviation in Lixian County, Longnan, Gansu Province, but also involves its employees and social forces in fashionable and healthy activities such as the "Cloud" public welfare run, and continues to join China's poverty alleviation cause in various ways.

As a French multinational enterprise founded for 80+ years, Adisseo has been developing in China for more than a decade. In response to China's targeted poverty alleviation, it has explored a mode of combining its advantages with local advantages. Adisseo has been promoting the integrated solution of green growth, and pushing ahead the development of agricultural modernization for poverty alleviation through industrial development of poverty-stricken areas. Adisseo has been fulfilling its social responsibility in an in-depth and targeted way to make more contributions to the country in comprehensive, coordinated and sustainable development.

Adisseo focuses on "consolidating and expanding the achievements of poverty alleviation and revitalizing the rural areas", and actively undertakes corporate social responsibility. Adisseo called on its employees to join the initiative of "helping wisdom + helping aspirations" to assist cultural poverty alleviation in Huili County, Sichuan Province in southwestern regions. While actively participating in the "Pearl Retrieval Project" of the Xinhua Ai Fund, the Adisseo volunteer team made a special donation of books to the Adisseo Shaobo Pearl Class of Huili No.1 Middle School in Sichuan Province. Adisseo also provided academic funding to help impoverished students who are excellent in study to enjoy fair and quality education opportunities. Moreover, in order to further support, consolidate and expand the achievements in poverty alleviation and continue to promote the products and consumption in poverty-stricken areas. From 2020 to now, Adisseo China has purchased materials from poverty alleviation units in Gulang County, Gansu Province through the forms of "purchasing instead of donating" trade union collective procurement and subsidy vouchers to support employees' individual procurement, so as to promote the quality and efficiency improvement of local characteristic industries.

In 2021, the China Rural Revitalization Bureau was established and the "Law on the Promotion of Rural Revitalization" was promulgated. The grand strategy of "rural revitalization" that will last for more than 30 years has started to be implemented. While seeking in-depth development in China, Adisseo will continue to support rural education in China, increase surgical funding for children with congenital heart disease. As such, the Company is committed to making contribution to the revitalization of rural areas and the modernization of agriculture and rural areas by actively providing financial, material and intellectual supports in China, and supporting China's rural revitalization and accelerate its entry into the fast lane of agricultural and rural modernization.

Section 6 Significant Matters

I. Fulfilment of Commitments

1. During the reporting period or subsequent to the reporting period, commitment items of the actual controller, the shareholders, the related parties, the acquirer, and the listed company
☐ Applicable ☒ Not applicable

II. Funds occupied by controlling shareholders and other related parties for non-operating purpose during the reporting period

☐ Applicable ☒ Not applicable

III. Illegal guarantee

☐ Applicable ☒ Not applicable

IV. Audit of half-year report

☐ Applicable ☒ Not applicable

V. Matters related to non-standard audit opinions to previous year annual report

☐ Applicable ☒ Not applicable

VI. Restructuring matters relating to bankruptcy

☐ Applicable ☒ Not applicable

VII. Significant lawsuits and arbitrations

☒ Applicable ☐ Not applicable

VIII. Judgments or fines rendered against the listed Company and its Directors, Supervisors, Senior management, major shareholders or ultimate controller

☐ Applicable ☒ Not applicable

IX. Credit status of the company, its controlling shareholder and actual controller in the reporting period

☐ Applicable ☒ Not applicable

X. Significant related-party transactions

1. Related-party transactions in association with daily transactions

(1) Related-party transactions, with no subsequent modifications, announced publicly in the reporting period (interim announcements).

☐ Applicable ☒ Not applicable

(2) Related party transactions, with further subsequent modifications, announced publicly in the reporting period (interim announcements).

☒ Applicable ☐ Not applicable

The Company held the ninth meeting of the 8 th session of the Board of Directors on 30 th March 2023, deliberated and passed the proposal on 2022 and 2023 Day-to-day Connected Transactions. The day-to-day related-party transactions incurred in 2022 are all normal operation activities and the pricing of the related transactions strictly followed the marketing arm-length principle of being open, fair and just. The Company does not rely on those related parties substantially. For more details, please refer to the Announcement on 2022 and 2023 Day-to-day Connected Transactions (announcement no: 2023-004).

(3) Undisclosed items in interim announcement☐ Applicable ☒ Not applicable**2. Related-party transactions in association with the purchase and sale of assets****(1) Matters disclosed in interim announcement and with no progress or change upon subsequent implementation**☐ Applicable ☒ Not applicable**(2) Related- party transactions announced in interim announcements and with further subsequent changes.**☐ Applicable ☒ Not applicable**(3) Undisclosed items in interim announcements**☐ Applicable ☒ Not applicable**(4) Please disclose the actual result generated during the reporting period if it involves a performance guarantee**☐ Applicable ☒ Not applicable**3. Related Party transactions in association with external investments****(1) Matters disclosed in interim announcement and with no progress or change upon subsequent implementation**☐ Applicable ☒ Not applicable**(2) Related- party transactions announced in interim announcements and with further subsequent changes.**☐ Applicable ☒ Not applicable**(3) Undisclosed items in interim announcements**☐ Applicable ☒ Not applicable**4. Related Party transactions in association with loans and debt****(1) Matters disclosed in interim announcement and with no progress or change upon subsequent implementation**☐ Applicable ☒ Not applicable**(2) Related- party transactions announced in interim announcements and with further subsequent changes.**☐ Applicable ☒ Not applicable**(3) Undisclosed items in interim announcements**☐ Applicable ☒ Not applicable**5. Financial business between the Company and related financial companies or between financial companies held by the Company and other related parties**☒ Applicable ☐ Not applicable**(1) Deposit**☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related party	Relation	Limit amount of daily deposit	Interest rate	Opening balance	Transactions in the period		Closing balance
					Deposit	Withdrawal	

Sinochem Finance Co, Ltd	Controlled by the same ultimate controlling shareholder	1,000,000,000	0.55% -2.1%	103,895,052	3,531,733,842	3,310,279,639	325,349,254
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(2) Loan
☐ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related party	Relation	Loan amount	Interest rate	Opening balance	Transactions in the period		Closing balance
					Addition	Repayment	
Sinochem Finance Co, Ltd	Controlled by the same ultimate controlling shareholder	950,000,000	2.8% - 3.05%	260,000,000	80,000,000	230,000,000	110,000,000

(3) Credit and other business
☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related party	Relation	Business type	Total amount	Actual amount granted
Sinochem Finance Co., Ltd.	Controlled by the same ultimate controlling shareholder	Comprehensive credit line	1,000,000,000	1,000,000,000

(4) Other description
☐ Applicable ☒ Not applicable
6. Other Material Related Party transactions
☐ Applicable ☒ Not applicable
7. Others
☐ Applicable ☒ Not applicable
XI. Major Contracts and Implementation**1. Custody, contracting, leasing**
☐ Applicable ☒ Not applicable
2. Guarantees
☐ Applicable ☒ Not applicable
3. Other major contracts
☐ Applicable ☒ Not applicable

XII. Description of Other Important Matters

☐ Applicable ☒ Not applicable

Section 7 Share Change and Shareholders

I. Change in share capital in the reporting period

1. Changes in share capital

(1) Changes in share capital

In the reporting period, there was no change in total amount and structure of share capital.

(2) Description of changes of share capital

☐ Applicable ☒ Not applicable

(3) Impact of share capital change taking place after the balance sheet day and before the disclosure of H1 report on EPS and net assets per share

☐ Applicable ☒ Not applicable

(4) Others the Company want to disclose or the regulators request to disclose

☐ Applicable ☒ Not applicable

2. Changes in shares with trading restrictions

☐ Applicable ☒ Not applicable

II. Information on Shareholders

1. Total number of shareholders

Total number of shareholders by the end of reporting period	31,823
Total number of preferred shareholders whose voting rights have been restored by the end of the report period	0

2. Shares held by top ten shareholders at the end of the reporting period

Unit: Share

Shares held by top ten shareholders							
Name of shareholder (full name)	Change in the reporting period	Number of shares held by end of the period	Proportion of shares held (%)	Number of shares with trading restrictions	Status of pledged or frozen shares		Type of shareholder
					Share status	Number	
China National Bluestar (Group) Co., Ltd.	0	1,709,387,160	63.74	0	Frozen	13,520,000	Stated owned legal entity
Bluestar-GTJA-19 Bluestar EB guarantee and trust property account	0	592,078,113	22.08	0	Unknown	0	Other
National Social Security Fund	1,715,669	9,487,877	0.35	0	Unknown	0	Other
China Zheshang Bank Co., Ltd. - Cathay Pacific CSI Livestock Breeding Trading Open Index Investment fund	3,504,100	6,849,295	0.26	0	Unknown	0	Other

Shares held by top ten shareholders							
Name of shareholder (full name)	Change in the reporting period	Number of shares held by end of the period	Proportion of share s held (%)	Number of shares with trading restricti ons	Status of pledged or frozen shares		Type of shareh older
					Share status	Number	
Hong Kong Central Clearing Limited	-6,308,440	6,845,869	0.26	0	Unkno wn	0	Overse as legal entity
Jiangsu JuheChuangyiEmergin gIndustryInvestmentF und LLP	0	6,607,000	0.25	0	Unkno wn	0	Other
China Electronic Investment Holding Company	0	5,185,185	0.19	0	Unkno wn	0	Stated owned legal entity
Beijing Research and Design Institute of Rubber Industry	0	3,737,262	0.14	0	Unkno wn	0	Stated owned legal entity
China Construction Bank Corporation - HSBC Jinxin Value Pioneer Stock Investment fund	3,667,500	3,667,500	0.14	0	Unkno wn	0	Other
Jiao Feng	2,960,000	2,960,000	0.11	0	Unkno wn	0	Domes tic natural person

Shares held by top ten shareholders without trading restrictions			
Name of shareholder	Number of shares without trading restrictions held	Type and number of shares	
		Type	Number
China National Bluestar (Group) Co., Ltd.	1,709,387,160	RMB ordinary shares	1,709,387,160
Bluestar-GTJA-19 Bluestar EB guarantee and trust property account	592,078,113	RMB Common share	592,078,113
National Social Security Fund	9,487,877	RMB ordinary shares	9,487,877
China Zheshang Bank Co., Ltd. - Cathay Pacific CSI Livestock Breeding Trading Open Index Investment fund	6,849,295	RMB ordinary shares	6,849,295
Hong Kong Central Clearing Limited	6,845,869	RMB Common share	6,845,869
Jiangsu Juhe Chuangyi Emerging Industry Investment Fund LLP	6,607,000	RMB ordinary shares	6,607,000
China Electronic Investment Holding Company	5,185,185	RMB ordinary shares	5,185,185
Beijing Research and Design Institute of Rubber Industry	3,737,262	RMB ordinary shares	3,737,262

Shares held by top ten shareholders without trading restrictions			
Name of shareholder	Number of shares without trading restrictions held	Type and number of shares	
		Type	Number
China Construction Bank Corporation - HSBC Jinxin Value Pioneer Stock Investment fund	3,667,500	RMB ordinary shares	3,667,500
Jiao Feng	2,960,000	RMB ordinary shares	2,960,000
Description of special account for repurchase among top 10 shareholders	Not applicable		
Explanation of the above shareholders' entrusted voting right, entrusting voting right and waiver of voting right	Not applicable		
Statement on related relationship or acting in concert among the above shareholders	The State-owned corporation shareholders, China National Bluestar (Group) Co., Ltd. and Beijing Research and Design Institute of Rubber Industry are subsidiaries of Sinochem Holdings Co., Ltd. Bluestar-GTJA-19 Bluestar EB guarantee and trust property account (who owns 680,000,000 shares) is a special account for China National Bluestar (Group) Co., Ltd. to guarantee and trust some of its shares when issuing exchangeable bonds. For more information, please refer to the announcements 2019-008, 2019-014, 2019-029, 2019-034 and 2020-024. Except for the above mentioned shareholders, the Company does not know whether any related relationship exists among other shareholders, or whether the other shareholders have acted in concert as regulated by the Administrative Measures for Purchasing of Listed Companies.		
Description for the participation in margin trading business of the top 10 shareholders (If any)	Not applicable		

Shares held by top ten shareholders with trading restrictions

☐ Applicable ☒ Not applicable

3. Strategic investor or normal legal entity getting into top 10 shareholders due to new share allocation

☐ Applicable ☒ Not applicable

III. Change in directors, supervisors and senior management of the Company**1. Changes in shares held by the directors, supervisors and senior management who are currently in duty or who have resigned or been dismissed from their duty in the reporting period**

☐ Applicable ☒ Not applicable

Other information

☐ Applicable ☒ Not applicable

2. Equity incentives granted to directors, supervisors and senior management during the reporting period

☐ Applicable ☒ Not applicable

3. Others

☐ Applicable ☒ Not applicable

IV. Changes in Controlling Shareholder and Ultimate controlling shareholder

☐ Applicable ☒ Not applicable

Section 8 Information on Preferred Shares

The Company did not have any issue concerning preferred shares in the reporting period.

Section 9 Corporate bonds

I. Corporate bonds, corporate bonds and non-financial corporate debt financing instruments

☐ Applicable ☒ Not applicable

II. Convertible bonds

☐ Applicable ☒ Not applicable

Section 10 Financial Report

I. Audit report

☐ Applicable ☒ Not applicable

II. Financial Statements

Consolidated Balance Sheet

30 June 2023

Prepared by: Bluestar Adisseo Company

Unit: Yuan Currency: RMB

	Notes	Closing balance	Opening balance
Current Assets:			
Cash at bank and on hand	VII.1	869,547,965	796,360,472
Financial assets at fair value through profit or loss			
Derivative financial assets	VII.2	5,500,130	4,884,268
Notes receivable			
Accounts receivable	VII.4	1,742,606,051	1,966,254,021
Receivable financing			
Advances to suppliers	VII.5	159,758,269	106,820,399
Other receivables	VII.6	204,108,064	169,719,213
Including: interest receivable		474,217	1,499
dividend receivable			
Inventories	VII.7	2,097,940,305	2,371,157,023
Other current assets	VII.8	730,734,666	686,504,941
Total current assets		5,810,195,450	6,101,700,337
Non-current Assets:			
Available-for-sale financial assets			
Long-term receivables	VII.9	451,890,704	356,217,439
Long-term equity investments	VII.10	230,959,421	275,944,401
Investments in other equity instruments	VII.11	272,134,856	262,657,438
Other non-current financial assets	VII.12	112,115,553	75,870,564
Investment properties			
Fixed assets	VII.13	9,051,160,544	9,158,021,828
Construction in progress	VII.14	830,428,552	517,223,599
Right-of-use assets	VII.15	373,246,987	339,662,669
Intangible assets	VII.16	2,135,336,037	2,064,713,837
Development costs	VII.17	115,855,607	96,777,098
Goodwill	VII.18	2,132,599,187	1,923,700,544
Long-term prepaid expenses		7,201,639	8,267,247
Deferred tax assets	VII.19	154,659,015	134,152,929
Other non-current assets	VII.20	14,502,417	28,491,983
Total non-current assets		15,882,090,519	15,241,701,576
TOTAL ASSETS		21,692,285,969	21,343,401,913
Current Liabilities:			
Short-term borrowings	VII.21	860,538,959	850,296,856
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities	VII.22	1,265,842	363,722
Notes payable			
Accounts payable	VII.23	1,515,679,140	1,536,944,038
Advances from customers			
Contract liabilities		4,693,217	8,934,000
Wages and benefits payable	VII.24	421,785,164	403,573,983

2023 Half-year Report

	Notes	Closing balance	Opening balance
Taxes payable	VII.25	205,602,186	142,516,899
Other payables	VII.26	912,652,924	571,091,319
Including: interest payable		3,375,590	6,019,947
dividends payable		404,967,092	0
Current portion of non-current liabilities	VII.27	94,021,800	288,069,057
Other current liabilities	VII.28	4,758,750	6,638,993
Total current liabilities		4,020,997,982	3,808,428,867
Non-current Liabilities:			
Long-term borrowings	VII.29	714,692,982	843,596,515
Lease liabilities	VII.30	312,920,618	281,545,289
Long-term payables	VII.31	34,573,112	14,631,033
Long-term employee benefits payable	VII.32	207,921,622	245,908,163
Provisions	VII.33	406,986,389	296,836,310
Deferred income	VII.34	144,691,077	147,451,798
Deferred tax liabilities	VII.19	768,220,964	752,169,578
Other non-current liabilities			
Total non-current liabilities		2,590,006,764	2,582,138,686
TOTAL LIABILITIES		6,611,004,746	6,390,567,553
SHAREHOLDERS' EQUITY:			
Paid-in capital	VII.35	2,681,901,273	2,681,901,273
Other equity instruments		0	0
Capital reserve	VII.36	1,004,724,989	1,004,724,989
Other comprehensive income	VII.37	(392,421,335)	(899,784,514)
Special reserve			
Surplus reserve	VII.38	597,195,660	597,195,660
Undistributed profits	VII.39	11,164,923,635	11,549,551,047
Total equity attributable to equity holders of the Company		15,056,324,222	14,933,588,455
Non-controlling interests		24,957,001	19,245,905
TOTAL OWNERS' EQUITY		15,081,281,223	14,952,834,360
TOTAL LIABILITIES AND OWNERS' EQUITY		21,692,285,969	21,343,401,913

Responsible person of the Company: Zhigang Hao

Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Balance Sheet of the Company

30 June 2023

Prepared by: Bluestar Adisseo Company

Unit: Yuan Currency: RMB

Item	Notes	Closing balance	Opening balance
Current Assets:			
Cash at bank and on hand	XVIII.1	908,220	1,644,457
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable			
Accounts receivable			
Receivable financing			
Advances to suppliers		0	59,144
Other receivables	XVIII.2	5,352,728	5,059,040
Including: interest receivable			0
dividend receivable			
Inventories			
Contract assets			
Assets held for sale			
Other current assets			
Total Current Assets		6,260,948	6,762,641
Non-current Assets:			
Available-for-sale financial assets			
Long-term receivables			
Long-term equity investments	XVIII.3	10,500,492,549	10,500,492,549
Investments in other equity instruments			
Other non-current financial assets			
Investment properties			
Fixed assets		9,259	11,875
Construction in progress			
Right-of-use assets			
Intangible assets			
Development costs			
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets		309,352	294,059
Total Non-current Assets		10,500,811,160	10,500,798,483
TOTAL ASSETS		10,507,072,108	10,507,561,124
Current Liabilities:			
Short-term borrowings		8,000,000	
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable			
Advances from customers			
Contract liabilities			

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Wages and benefits payable		323,520	324,930
Taxes payable		125,680	535,653
Other payables		435,488,388	36,264,914
Including: interest payable		2,677,667	2,583,000
dividend payable		404,967,092	0
Liabilities held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total Current Liabilities		443,937,588	37,125,497
Non-current Liabilities:			
Long-term borrowings			
Notes payables			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total Non-current Liabilities			
TOTAL LIABILITIES		443,937,588	37,125,497
Owners' Equity:			
Paid-in capital		2,681,901,273	2,681,901,273
Other equity instruments			
Including: Preferred shares			
Capital reserve		6,681,557,628	6,681,557,628
Other comprehensive income			
Special reserve			
Surplus reserve		597,195,660	597,195,660
Undistributed profits		102,479,959	509,781,066
Total Owners' Equity		10,063,134,520	10,470,435,627
TOTAL LIABILITIES AND OWNERS' EQUITY		10,507,072,108	10,507,561,124

Responsible person of the Company: Zhigang Hao

Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Consolidated Income Statement

For the six months ended 30 June 2023

Unit: Yuan Currency: RMB

Items	Notes	For the six months ended 30 June 2023	For the six months ended 30 June 2022
I. Total operating revenue		6,328,375,755	7,195,404,620
Including: Operating revenue	VII.40	6,328,375,755	7,195,404,620
II. Total operating costs		6,249,347,385	6,054,415,308
Including: Cost of sales	VII.40	4,998,471,707	4,927,455,886
Taxes and surcharge	VII.41	25,829,983	39,545,796
Selling and distribution expenses	VII.42	614,748,837	555,770,666
General and administrative expenses	VII.43	363,622,547	346,270,346
Research and development expenses	VII.44	202,833,128	164,829,213
Financial expenses –net	VII.45	43,841,183	20,543,401
Including: Interest expenses		35,735,384	10,670,339
Interest income		8,588,639	(3,399,320)
Add: Other income		6,728,703	5,838,002
Investment income (loss)	VII.46	(20,381,324)	(485,862)
Including: Income from investments in associates and joint ventures		(20,381,324)	(485,862)
Gains (losses) from changes in fair value	VII.47	30,734,025	(25,435,602)
Credit losses	VII.48	(6,926,899)	(5,126,812)
Asset impairment losses	VII.49	(26,378,396)	(1,607,638)
Gain (loss) from disposal of assets		(579,384)	70,014
III. Operating profit (loss)		62,225,095	1,114,241,414
Add: Non-operating income	VII.50	9,204,263	2,489,295
Less: Non-operating expenses	VII.51	16,312,990	6,984,580
IV. Total profit (Total loss)		55,116,368	1,109,746,129
Less: Income tax expenses	VII.52	22,171,448	237,272,731
V. Net profit (Net loss)		32,944,920	872,473,398
<u>Net profit classified by continuity</u>			
Net profit (loss) from continuing operations		32,944,920	872,473,398
Net profit (loss) from discontinued operations			
<u>Net profit classified by ownership</u>			
Net profit attributable to shareholders of the Company		33,400,286	869,479,158
Net profit attributable to non-controlling interests		(455,366)	2,994,240
VI. Net other comprehensive income		508,770,734	(221,522,561)
Other comprehensive income (net of tax) attributable to the owners of the Company	VII.37	507,363,179	(221,160,438)
1. Other comprehensive income which will not be reclassified subsequently to profit or loss		16,198,109	0
1) Actuarial differences on defined benefits plans			
2) Fair value changes in investments in other equity instruments		16,198,109	0
2. Other comprehensive income which will be reclassified subsequently to profit or loss		491,165,070	(221,160,438)
1) Effective hedging portion of gains or losses		(841,102)	11,119,660

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Items	Notes	For the six months ended 30 June 2023	For the six months ended 30 June 2022
arising from cash flow hedging instruments			
2) Differences on translation arising on translation of foreign currency financial statements		492,006,172	(232,280,098)
Net other comprehensive income attributable to non-controlling interests after tax		1,407,555	(362,123)
VII. Total comprehensive income		541,715,654	650,950,837
Total amount of comprehensive income attributable to equity holders of the Company		540,763,465	648,318,720
Total amount of comprehensive income attributable to non-controlling interests		952,189	2,632,117
VIII. Earnings per share:			
(I) Basic earnings per share (Yuan/ share)	VII.53	0.01	0.32
(II) Diluted earnings per share (Yuan/ share)	VII.53	0.01	0.32

Responsible person of the Company: Zhigang Hao

Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Income Statement of the Company

For the six months ended 30 June 2023

Unit: Yuan Currency: RMB

Items	Notes	For the six months ended 30 June 2023	For the six months ended 30 June 2022
I. Operating revenues		5,151,327	6,785,884
Less: Cost of sales		4,768,391	5,034,837
Business taxes and surcharge			85
Selling and distribution expenses			
General and Administrative expenses		1,838,029	5,996,086
Research and development expenses			
Financial expenses - net		954,231	445,512
Including: Interest expenses		94,667	589,667
Interest income		(16,059)	(498,248)
Add: Other income			
Investment income (loss)	XVIII.4	0	455,546,000
Including: Income from investments in associates and joint ventures			
Gains from changes in fair values (losses)			
Credit losses			
Asset impairment losses			
Gain (loss) from disposal of assets			
II. Operating profit (loss)		(2,409,324)	450,855,364
Add: Non-operating income		75,309	64,770
Less: Non-operating expenses			0
III. Total profit (Total Loss)		(2,334,015)	450,920,134
Less: Income tax expenses		0	3,045
IV. Net profit (Net Loss)		(2,334,015)	450,917,089
<u>Net profit classified by continuity</u>			
Net profit (loss) from continuing operations		(2,334,015)	450,917,089
Net profit (loss) from discontinued operations			
V. Net amount of other comprehensive income			
1. Other comprehensive income which will not be reclassified subsequently to profit or loss			
1) Actuarial differences on net defined benefit plan			
2. Other comprehensive income which will be reclassified subsequently to profit or loss			
1) Effective hedging portion of gains or losses arising from cash flow hedging instruments			
2) Difference on translation arising on translation of foreign currency financial statements			
VI. Total comprehensive income		(2,334,015)	450,917,089
VII. Earnings per share:			
(I) Basic earnings per share		Not applicable	Not applicable
(II) Diluted earnings per share		Not applicable	Not applicable

Responsible person of the Company: Zhigang Hao

Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Consolidated Cash Flow Statement

For the six months ended 30 June 2023

Unit: Yuan Currency: RMB

Items	Notes	For the six months ended 30 June 2023	For the six months ended 30 June 2022
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		7,020,029,170	7,119,265,646
Refunds of taxes and surcharges		95,534	1,286,185
Cash received relating to other operating activities	VII.55(1)	16,640,520	884,254
Subtotal of cash inflows from operating activities		7,036,765,224	7,121,436,085
Cash paid for goods and services		4,735,147,383	5,384,049,663
Cash paid to and on behalf of employees		965,557,575	985,182,164
Payments of taxes and surcharges		61,058,368	353,035,257
Cash paid relating to other operating activities	VII.55(2)	99,668,579	58,451,574
Subtotal of cash outflows for operating activities		5,861,431,905	6,780,718,658
Net cash flow generated from operating activities		1,175,333,319	340,717,427
II. Cash flows from investing activities:			
Cash received from disposals of investment		0	0
Cash received from investment income and interest income		8,124,025	4,550,507
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		103,228	706,174
Net cash received from disposals of subsidiaries and other business units		0	0
Cash received relating to other investing activities		18,965,536	87,878
Subtotal cash inflows from investing activities		27,192,789	5,344,559
Cash paid to purchase fixed assets, intangible assets and other long-term assets		590,998,123	705,625,617
Cash paid to acquire investments		1,311,593	16,776,363
Net cash paid for acquisitions of subsidiaries		136,813,015	0
Cash paid relating to other investing activities		131,736,787	116,092,183
Subtotal of cash outflows for investing activities		860,859,518	838,494,163
Net amount of cash flow from investing activities		(833,666,729)	(833,149,604)
III. Cash flow from financing activities:			
Cash received from capital contributions		0	0
Including: cash received from capital contributions by non-controlling interests of subsidiaries		0	0
Payment for acquisition of non-controlling interests		0	0
Cash received from borrowings		120,333,864	1,314,265,079
Cash received from issuance of debentures		0	0
Cash received relating to other financing activities		0	0
Subtotal of cash inflows from financing activities		120,333,864	1,314,265,079
Cash repayments of borrowings		348,772,798	3,248,811
Cash payments for interest expenses and distribution of dividends or profits		53,808,541	499,755,632
Including: dividends and profits paid to non-controlling shareholders of subsidiaries		0	3,105,000

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Items	Notes	For the six months ended 30 June 2023	For the six months ended 30 June 2022
Cash paid relating to other financing activities	VII.55(6)	45,378,067	1,596,040,218
Subtotal of cash outflows for financing activities		447,959,406	2,099,044,661
Net cash flow from financing activities		(327,625,542)	(784,779,582)
IV. Effect of Foreign exchange rate changes on Cash and Cash Equivalents		59,146,445	(70,071,164)
V. Net increase in cash and cash equivalents		73,187,493	(1,347,282,923)
Add: Opening balance of cash and cash equivalents		796,360,472	2,114,710,481
VI. Closing balance of cash and cash equivalents	VII.56(4)	869,547,965	767,427,558

Responsible person of the Company: Zhigang Hao

Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Cash Flow Statement of the Company

For the six months ended 30 June 2023

Unit: Yuan Currency: RMB

Items	Notes	For the six months ended 30 June 2023	For the six months ended 30 June 2022
I. Cash flows from operating activities:			
Cash received from sale of goods and rendering of services			
Refunds of taxes and surcharges			6,143,943
Cash received relating to other operating activities		5,525,463	8,135,561
Subtotal of cash inflows from operating activities		5,525,463	14,279,504
Cash paid for goods and services			
Cash paid to and on behalf of employees		5,735,680	7,677,153
Payments of taxes and surcharges		1,269,079	1,172,692
Cash paid relating to other operating activities		7,273,020	4,138,309
Subtotal cash outflows from operating activities		14,277,779	12,988,154
Net cash flow generated from operating activities		(8,752,316)	1,291,350
II. Cash flow from investing activities:			
Cash received from disposals of investments			
Cash received from investment income and interest income		16,059	1,708,248
Net cash received from disposals of fixed assets, intangible assets and other long-term assets			
Net cash received from disposals of subsidiaries and other business units			
Cash received relating to other investing activities			
Subtotal of cash inflows from investing activities		16,059	1,708,248
Cash paid to purchase fixed assets, intangible assets and other long-term assets			
Cash paid to acquire investments			
Net cash paid for acquisitions of subsidiaries and other business units			
Net cash decrease due to disposal of subsidiaries			
Cash paid relating to other investing activities			
Subtotal of cash outflows from investing activities			
Net amount of cash flow from investing activities		16,059	1,708,248
III. Cash flows from financing activities:			
Cash received from capital contributions			
Cash received from borrowings		8,000,000	460,000,000
Cash received from issuance of shares			
Cash received from other financing activities			
Subtotal of cash inflows from financing activities		8,000,000	460,000,000
Cash repayments of borrowings		0	479,551,534
Cash payments for interest expenses and distribution of dividends or profits			
Cash payments relating to other financing activities			
Subtotal of cash outflows from financing activities		0	479,551,534

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Items	Notes	For the six months ended 30 June 2023	For the six months ended 30 June 2022
Net cash flow from financing activities		8,000,000	(19,551,534)
IV. Effect of Foreign Exchange rate changes on cash and cash equivalents		20	(63)
V. Net increment of cash and cash equivalents		(736,237)	(16,551,999)
Add: Opening balance of cash and cash equivalents		1,644,457	35,602,102
VI. Closing balance of cash and cash equivalents		908,220	19,050,103

Responsible person of the Company: Zhigang Hao

Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

Consolidated Statement of Changes in Owners' Equity
For the six months ended 30 June 2023

Unit: Yuan Currency: RMB

Items	Current period									
	Equity attributable to shareholders of the company								Non-controlling interests	Total
	Paid-in capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal		
1. Ending balance of last year	2,681,901,273		1,004,724,989	(899,784,514)		597,195,660	11,549,551,047	14,933,588,455	19,245,905	14,952,834,360
Add: increase/(decrease) due to changes in accounting policies										
Increase/(decrease) due to corrections of errors in prior period										
Business combination under common control										
2. Opening balance of current year	2,681,901,273		1,004,724,989	(899,784,514)		597,195,660	11,549,551,047	14,933,588,455	19,245,905	14,952,834,360
3. Increase/(decrease) for current period				507,363,179			(384,627,412)	122,735,767	5,711,096	128,446,863
(1) Total comprehensive income				507,363,179			33,400,286	540,763,465	952,189	541,715,654
(2) Owner's contributions and withdrawals of capital										
(a) Common stock contributed by owners										
(b) Capital contributed by other equity instruments holders										
(c) Share-based payment recorded in owner's equity										
(d) Others										

Items	Current period									
	Equity attributable to shareholders of the company								Non-controlling interests	Total
	Paid-in capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal		
(3) Profits distribution							(404,967,092)	(404,967,092)	-	(404,967,092)
(a) Appropriation of surplus reserve							-	-	-	-
(b) Distribution to owner/shareholder							(404,967,092)	(404,967,092)	-	(404,967,092)
(c) Others										
(4) Transfer within owner's equity										
(a) Capitalization of capital reserve										
(b) Capitalization of surplus reserve										
(c) Loss offset by surplus reserve										
(d) Other comprehensive income transferred to retained earnings										
(e) Others										
(5) Special reserve										
(a) Transfer to special reserve in the period										
(b) Amount used in the period										
(6) Other							(13,060,606)	(13,060,606)	4,758,907	(8,301,699)
4. Ending balance of current period	2,681,901,273		1,004,724,989	(392,421,335)		597,195,660	11,164,923,635	15,056,324,222	24,957,001	15,081,281,223

Responsible person of the Company: Zhigang HaoPerson in Charge of the Accounting Body: Virginie CayatteChief Accountant: Virginie Cayatte

Items	Last period									
	Equity attributable to shareholders of the company								Non-controlling interests	Total
	Paid-in capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal		
1.Ending balance of last year	2,681,901,273		1,260,973,699	(1,226,007,293)		553,648,145	10,823,785,807	14,094,301,631	1,331,467,674	15,425,769,305
Add: increase/(decrease) due to changes in accounting policies										
Increase/(decrease) due to corrections of errors in prior period										
Business combination under common control										
2.Opening balance of current year	2,681,901,273		1,260,973,699	(1,226,007,293)		553,648,145	10,823,785,807	14,094,301,631	1,331,467,674	15,425,769,305
3.Increase/(decrease) for current period			(280,997,000)	(221,171, 609)		45,089,442	371,788,638	(85,290,529)	(1,313,094,780)	(1,398,385,309)
(1)Total comprehensive income				(221,160,438)			869,479,158	648,318,720	2,632,117	650,950,837
(2)Owner's contributions and withdrawals of capital			(280,997,000)				24,747,880	(256,249,120)	(1,312,568,000)	(1,568,817,120)
(a)Common stock contributed by owners										
(b)Capital contributed by other equity instruments holders										
(c)Share-based payment recorded in owner's equity										
(d) Others			(280,997,000)				24,747,880	(256,249,120)	(1,312,568,000)	(1,568,817,120)
(3)Profits distribution						45,093,390	(522,471,451)	(477,378,061)	(3,118,670)	(480,496,731)
(a)Appropriation of surplus reserve						45,093,390	(45,093,390)			
(b)Distribution to owner/shareholder							(477,378,061)	(477,378,061)	(3,118,670)	(480,496,731)

Items	Last period									
	Equity attributable to shareholders of the company								Non-controlling interests	Total
	Paid-in capital	Other equity instruments	Capital reserve	Other comprehensive income	Special reserve	Surplus reserve	Undistributed profits	Subtotal		
(c)Others										
(4)Transfer within owner's equity										
(a)Capitalization of capital reserve										
(b)Capitalization of surplus reserve										
(c)Loss offset by surplus reserve										
(d)Other comprehensive income transferred to retained earnings										
(e)Others										
(5) Special reserve										
(a)Transfer to special reserve in the period										
(b) Amount used in the period										
(6) Other				(11,171)		(3,948)	33,051	17,932	(40,227)	(22,295)
4.Ending balance of current period	2,681,901,273		979,976,699	(1,447,178,902)		598,737,587	11,195,574,445	14,009,011,102	18,372,894	14,027,383,996

Responsible person of the Company: Zhigang HaoPerson in Charge of the Accounting Body: Virginie CayatteChief Accountant: Virginie Cayatte

Statement of Changes in Owners' Equity of the Company

For the six months ended 30 June 2023

Unit: Yuan Currency: RMB

Items	Current period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasur y shares	Other Comprehens ive income	Special reserves	Surplus reserve	Undistribut ed profit	Total owners' equity
I. Closing balance of last year	2,681,901,273				6,681,557,628				597,195,660	509,781,066	10,470,435,627
II. Opening balance of current year	2,681,901,273				6,681,557,628				597,195,660	509,781,066	10,470,435,627
III. Amount increased or decreased of current period (decrease filled out with "-")										(407,301,107)	(407,301,107)
(I) Total amount of comprehensive income										(2,334,015)	(2,334,015)
(II) Capital input and decreased by owners											
1. Common shares input by shareholders											
2. Capital input by other equity instrument holders											
3. Amount paid with shares and recorded in the owner's equity											
4. Others											
5. Disposal of subsidiaries and businesses											
(III) Profit distribution										(404,967,092)	(404,967,092)
1. Withdrawal of surplus reserve											
2. Distribution to owners (or shareholders)										(404,967,092)	(404,967,092)
3. Others											

(IV) Internal carry-forward of owners' equity											
1. Capital reserve converted to increase capital (or capital stock)											
2. Surplus reserve converted to increase capital (or capital stock)											
3. Losses covered with surplus reserve											
4. Others											
(V) Special reserves											
1. Withdrawn in current period											
2. Used in current period											
(VI) Others											
IV. Closing balance of current period	2,681,901,273				6,681,557,628				597,195,660	102,479,959	10,063,134,520

Responsible person of the Company: Zhigang HaoPerson in Charge of the Accounting Body: Virginie CayatteChief Accountant: Virginie Cayatte

Items	Last period										
	Share capital	Other equity instruments			Capital reserve	Less: Treasur y shares	Other Comprehens ive income	Special reserves	Surplus reserve	Undistributed profit	Total owners' equity
		Preferred shares	Perpetu al debt	Others							
I. Closing balance of last year	2,681,901,273				6,681,557,628				553,648,145	595,231,861	10,512,338,907
II. Opening balance of current year	2,681,901,273				6,681,557,628				553,648,145	595,231,861	10,512,338,907
III. Amount increased or decreased of current period (decrease filled out with "-")									45,090,065	(71,551,405)	(26,461,340)
(I) Total amount of comprehensive income										450,917,089	450,917,089
(II) Capital input and decreased by owners											
1. Common shares input by shareholders											
2. Capital input by other equity instrument holders											
3. Amount paid with shares and recorded in the owner's equity											
4. Others											
5. Disposal of subsidiaries and businesses											
(III) Profit distribution									45,090,065	(522,468,126)	(477,378,061)
1. Withdrawal of surplus reserve									45,090,065	(45,090,065)	0
2. Distribution to owners (or shareholders)										(477,378,061)	(477,378,061)
3. Others											
(IV) Internal carry-forward of owners' equity											
1. Capital reserve converted to increase capital (or capital stock)											
2. Surplus reserve											

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converted to increase capital (or capital stock)											
3. Losses covered with surplus reserve											
4. Others											
(V) Special reserves											
1. Withdrawn in current period											
2. Used in current period										(368)	(368)
IV. Closing balance of current period	2,681,901,273				6,681,557,628				598,738,210	523,680,456	10,485,877,567

Responsible person of the Company: Zhigang Hao

Person in Charge of the Accounting Body: Virginie Cayatte

Chief Accountant: Virginie Cayatte

III. Basic Information on the Company

1. Basic information on the Company

Prior to the Major Assets Restructuring, Bluestar New Chemical Material Co., Ltd was incorporated on May 31, 1999. China National Bluestar (Group) Co, Ltd. (the “Bluestar Group”) was the initiative founder, and Ministry of Chemical Beijing Rubber Industry Research Institute, Ministry of Chemical Lianyungang Design Research Institute, Ministry of Chemical Synthetic Material Research Institute and National Changfeng Machinery are the co-founders. The city of registration is Beijing, People’s Republic of China. Bluestar Group is the parent company of BNCM, China National Chemical Corporation is the Company’s ultimate controlling shareholder. On 31st March 2021, SASAC approved the joint restructuring of Sinochem Group and ChemChina, whereby a new holding company will be set up by SASAC who will perform the duties of the controlling shareholder on behalf of SASAC, and Sinochem Group and ChemChina will be consolidated into the new holding company.

In 2015, the Company completed an exchange of assets. The asset replacement and purchase have been paid through cash payment and the issuance of new shares (issuance of 2,159,193,173 ordinary shares). After the transaction, the total share capital increased to RMB 2,681,901,273.

The Company’s principal business was significantly changed to research, development, production and sale of feed additives for animal nutrition from chemical material business prior to Major Assets Restructuring. After the Major Assets Restructuring, the Company’s name has been changed from Bluestar New Chemical Material Co., Ltd (“BNCM”) to Bluestar Adisseo Company (the “Company”).

After the completion of the restructuring, the Company and its subsidiaries (collectively the “Group”)’s principal place of business included the plants in France, China and Spain, as well as distribution companies worldwide.

2. Scope of consolidated financial statements

See Note VIII for the change of consolidation scope and Note IX for rights and interests in other entities.

IV. Basis for Preparation of Financial Statements

1. Basis of accounting

The financial statements have been prepared on the going concern basis.

2. Principle of measurement

The Group determines the production and management features based on specific accounting policies and accounting estimates, mainly in receivables that are subject to provision for bad debts (Note V (11)), inventory valuation method (Note V (12)), amortization/depreciation for fixed/intangible assets (Note V (15) (18)), condition for capitalized development expenditure (Note V (18)), revenue recognition (Note V (27)), etc.

See Note V (35) for the key judgments in applying the significant accounting policies adopted by Group.

V. Important Accounting Policies and Accounting Estimates

1. Statement of compliance

The financial statements prepared by the Company meet the requirements of the Accounting Standards for Business Enterprises issued by MOF, truly and completely reflect the Company's consolidated financial standing, consolidated operating results, change of shareholders' equity, and cash flow, etc.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No. 15: General Requirements for financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2014.

2. Fiscal period

The Company's fiscal year is from 1 January to 31 December in the Gregorian calendar. The fiscal period of this financial statements is from January 1, 2023 to June 30, 2023.

3. Business cycle

The Company takes the period from the acquisition of assets for processing to their realization in cash or cash equivalents as a normal operating cycle.

4. Functional currency

The Group's financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the basis of the currency in which major income and costs are denominated and settled. Some of the Company's subsidiaries have functional currencies that are different from the Company's functional currency. Their financial statements have been translated based on the accounting policy set out in Note V (9).

5. Method for accounting treatment of business combination under and not under common control

(1) Business combination under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess adjusted against retained earnings. Any costs directly attributable to the combination are recognized in profit or loss when incurred. The combination date is the date on which one combining enterprise obtains control of other combining enterprises.

(2) Business combination not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill (Note V (19)). If (1) is less than (2), the difference is recognized in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Other acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognized in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

6. Method for preparation of consolidated financial statements**(1) General principles**

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Non-controlling interests are presented separately in the consolidated balance sheet within owners' equity. Net profit or loss attributable to non-controlling owners is presented separately in the consolidated income statement below the net profit line item. Total comprehensive income attributable to non-controlling owners is presented separately in the consolidated income statement below the total comprehensive income line item.

When the amount of loss for the current period attributable to the non-controlling shareholders of a subsidiary exceeds the non-controlling shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess is still allocated against the non-controlling interests.

When the accounting period or accounting policies of a subsidiary are different from those of the Company, the Company makes necessary adjustments to the financial statements of the subsidiary based on the Company's own accounting period or accounting policies. Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, unless they represent impairment losses that are recognized in the financial statements.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated. In the preparation of the consolidated financial statements, the subsidiary's assets and liabilities based on their carrying amounts in the financial statements of the ultimate controlling party are included in the consolidated balance sheet, and financial performance is included in the consolidated income statement respectively, from the date that the ultimate parent company of the Company obtains the control of the subsidiary to be consolidated.

Where a subsidiary was acquired during the reporting period, through a business combination involving enterprises not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

(3) Disposal of subsidiaries

When the Group loses control of a subsidiary, the Group derecognises assets, liabilities, non-controlling interests and other related items in shareholders' equity in relation to that subsidiary.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the amount by which the non-controlling interests are adjusted and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

7. Joint venture arrangement and accounting treatment

A joint venture is an arrangement whereby the Group and other parties have joint control and rights to the net assets of the arrangement.

An investment in a joint venture is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognised in profit or loss.

8. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily withdrawn on demand, and short-term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

9. Foreign currency businesses and conversion of foreign-currency statements

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognized in profit or loss, unless they

arise from the re-translation of the principal and interest of specific borrowings for the acquisition, construction or production of qualifying assets (Note V (17)). Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date.

Assets and liabilities of foreign operation are translated to Renminbi reporting currency at the spot exchange rate at the balance sheet date. Equity items, excluding “Retained earnings”, are translated to Renminbi at the spot exchange rates at the transaction dates. Income and expenses of foreign operation are translated to Renminbi at the spot exchange rates at the transaction dates. The resulting translation differences are recognized in other comprehensive income. The translation differences accumulated in other comprehensive income with respect to a foreign operation is transferred to profit or loss in the period when the foreign operation is disposed.

10. Financial instruments

Financial instruments include cash at bank and on hand, equity securities other than those classified as long-term equity investments (see Note V (14)), receivables, payables, loans and borrowings, debentures payable and paid-in capital.

(1) Recognition and measurement of financial assets and financial liabilities

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial assets (unless it is a trade receivable without a significant financing component) and financial liabilities is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable without a significant financing component is initially measured at the transaction price according to Note V.(27).

(2) Classification and subsequent measurement of financial assets

a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortised cost, at fair value through other comprehensive income (“FVOCI”), or at fair value through profit or loss (“FVTPL”).

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and

interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

b) Subsequent measurement of financial assets

- Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss unless the financial assets are part of a hedging relationship.

- Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. A gain or loss on a financial asset that is measured at amortised cost and is not part of a hedging relationship shall be recognised in profit or loss when the financial asset is derecognised, through the amortisation process or in order to recognise impairment gains or losses.

- Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognised in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

- Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss. Other net gains and losses are recognised in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL or amortised cost.

- Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss, unless the financial liabilities are part of a hedging relationship.

- Financial liabilities at amortised cost

Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

(4) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are generally presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

- the Group currently has a legally enforceable right to set off the recognized amounts; and
- the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognised when one of the following conditions is met:

- the Group's contractual rights to the cash flows from the financial asset expire;
- the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or
- the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognised in profit or loss:

- the carrying amount of the financial asset transferred measured at the date of derecognition;
- the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognised directly in other comprehensive income for the part derecognised.

The Group derecognises a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished.

(6) Impairment of financial assets

The Group recognises loss allowances for expected credit loss (ECL) on:

- financial assets measured at amortised cost; and

Financial assets measured at fair value, including debt investments or equity securities at FVPL, equity securities designated at FVOCI and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECL. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables, the Group measures loss allowance at an amount equal to 12-month ECL for the following financial instruments, and at an amount equal to lifetime ECL for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;
- If the credit risk on a financial instrument has not increased significantly since initial recognition.

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

- failure to make payments of principal or interest on their contractually due dates;
- an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);
- an actual or expected significant deterioration in the operating results of the debtor; and
- existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognised as an impairment gain or loss in profit or loss. The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for debt investments that are measured at FVOCI, for which the loss allowance is recognised in other comprehensive income.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(7) Equity instrument

The consideration received from the issuance of equity instruments net of transaction costs is recognised in shareholders' equity. Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

11. Receivables

Please refer to V.10

12. Inventory

(1) Classification and cost

Inventories comprise raw materials, work in progress and finished goods and turnover materials and are measured at the lower of cost and net realizable value. Inventories having a similar nature are measured using

the same cost formula.

Inventories are initially measured at cost. Cost of inventories comprises all costs of purchase, costs of conversion and other expenditures incurred in bringing the inventories to their present location and condition. In addition to the purchasing cost of raw materials, work in progress and finished goods include direct labor costs and an appropriate allocation of production overheads.

(2) Cost of inventories delivered

Cost of inventories delivered is calculated using the first-in-first-out or weighted average methods.

(3) Basis for determining the net realizable value and provisioning methods for impairment losses of inventories

At the balance sheet date, inventories are carried at the lower of cost and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realizable value of materials held for use in the production is measured based on the net realizable value of the finished goods in which they will be incorporated. The net realizable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

Any excess of the cost over the net realizable value of each class of inventories is recognized as a provision for the impairment, and is recognized in profit or loss.

(4) Inventory system of the Group is a perpetual inventory system.

The Group maintains a perpetual inventory system.

(5) Method for amortization of low-value easily-consumed articles and packages

Turnover materials include low-value easily-consumed articles and packages, etc., and here, low-value easily-consumed articles and packages are amortized with one-off write-off method.

13. Contract assets

Not applicable

14. Long-term equity investments

(1) Investment cost of long-term equity investments

a. Long-term equity investments acquired through a business combination

The initial cost of a long-term equity investment acquired through a business combination involving enterprises under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted against retained earnings.

For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

b. Long-term equity investments acquired other than through a business combination

A long-term equity investment acquired other than through a business combination is initially recognized at the amount of cash paid if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities.

(2) Subsequent measurement of long-term equity investment

a. Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement unless the investment is classified as held for sale. Except for cash dividends or profit distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognizes its share of the cash dividends or profit distributions declared by the investee as investment income in the current period.

The investments in subsidiaries are stated in the balance sheet at cost less accumulated impairment losses.

For the impairment of the investments in subsidiaries, refer to Note V (20).

In the Group's consolidated financial statements, investments in subsidiaries are accounted for in accordance with the policies described in Note V(6).

b. Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control and rights to the net assets of the arrangement.

An associate is an enterprise over which the Group has significant influence

An investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement, unless the investment is classified as held for sale.

Under the equity method:

- Where the initial cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognized at the investor's share of the fair value of the investee's identifiable net assets, and the difference is recognized in profit or loss.
- After the acquisition of the investment, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution ("other changes in owners' equity"), is recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.
- In calculating its share of the investee's net profits or losses, other comprehensive income and other changes in owners' equity, the Group recognizes investment income and other comprehensive income after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair value of the investee's identifiable net assets at the date of acquisition. Unrealized profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to

the extent of the Group's interest in the associates or joint ventures. Unrealized losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealized gains but only to the extent that there is no impairment.

- The Group discontinues recognizing its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. If the joint venture or associate subsequently reports net profits, the Group resumes recognizing its share of those profits only after its share of the profits equals the share of losses not recognized.

For the impairment of the investments in joint ventures and associates, refer to Note V (20).

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

- Whether no single participant party is in a position to control the investee's related activities unilaterally.
- Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

15. Fixed assets

(1) Recognition of fixed assets

Fixed assets represent the tangible assets held by the Group for use in production of goods or for administrative purposes with useful lives over one year.

The cost of a purchased fixed asset comprises the purchase price, related taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labor, capitalized borrowing costs (Note V (17)), and any other costs directly attributable to bringing the asset to working condition for its intended use.

Where the parts of an item of fixed assets have different useful lives or provide benefits to the Group in a different pattern, thus necessitating use of different depreciation rates or methods, each part is recognized as a separate fixed asset.

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets if the criteria to recognize fixed assets are satisfied, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of fixed assets are recognized in profit or loss as incurred.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses.

(2) Depreciation method

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated

using the straight-line method over its estimated useful life, unless the fixed asset is classified as held for sale.

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

Type	Depreciation method	Depreciation life (year)	Average residual value (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	5-40 years	0%	2.5%~20%
Machinery equipment	Straight-line method	2-15 years	0%	7%~ 50%

For the land outside China, no depreciation is provided.

Useful lives, estimated residual value and depreciation methods are reviewed at least at each year-end.

(3) When the recoverable amount of fixed assets is lower than their book value, the book value may be written down to recoverable amount

(4) Disposal of fixed assets

The carrying amount of a fixed asset is derecognized:

- when the fixed asset is on disposal; or
- when no future economic benefit is expected to be generated from its use or disposal.

Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

16. Construction in progress

The construction in progress is measured as per the cost incurred actually. The actual cost includes building cost, installation cost, borrowing costs meeting capitalization conditions, and any other costs directly attributable to bringing the asset to working condition for its intended use.

The construction in process, when reaching the predicted usable state, will be transferred into fixed assets, and have depreciation withdrawn from the next month.

Construction in progress is stated in the balance sheet at cost less accumulated impairment losses (Note V (20)).

When an enterprise sells products or by-products produced before a fixed asset is available for its intended use, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognised in profit or loss for the current period.

17. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.

During the capitalization period, the amount of interest (including amortization of any discount or premium on borrowing) to be capitalized in each accounting period is determined as follows:

- Where funds are borrowed specifically for the acquisition and construction of a qualifying asset, the amount of interest to be capitalized is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.
- To the extent that the Group borrows funds generally and uses them for the acquisition and construction of

a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognized amount of the borrowings.

During the capitalization period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalized as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognized as a financial expense when incurred.

The capitalization period is the period from the date of commencement of capitalization of borrowing costs to the date of cessation of capitalization, excluding any period over which capitalization is suspended. Capitalization of borrowing costs commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities of acquisition and construction that are necessary to prepare the asset for its intended use are in progress, and ceases when the assets become ready for their intended use. Capitalization of borrowing costs is suspended when the acquisition and construction activities are interrupted abnormally for a period of more than three months.

18. Intangible assets

Intangible assets are stated in the balance sheet at cost less accumulated amortization (where the estimated useful life is finite) and impairment losses (Note V (20)). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale.

The respective amortization periods for such intangible assets are as follows:

	Amortization period
Land use right	50 years
Trademark	20-40 years
Software	3-5 years
Patents	The legal protection (10-15years) or the useful life if shorter
Technology	Expected benefit life (15-25)
Customer relationships	Expected benefit life (8-20)

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

Expenditure on an internal research and development project is classified into expenditure during the research phase and expenditure during the development phase. Expenditure during the research phase expensed when

incurred. Expenditure during the development phase is capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Capitalized development costs are stated in the balance sheet at cost less impairment losses (Note V (20)). Other development expenditure is recognized as an expense in the period in which it is incurred.

19. Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under a business combination not involving enterprises under common control.

Goodwill is not amortized and is stated in the balance sheet at cost less accumulated impairment losses (Note V (20)). On disposal of an asset group or a set of asset groups, any attributable goodwill is written off and included in the calculation of the profit or loss on disposal.

20. Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on the internal and external sources of information to determine whether there is any indication of impairment:

- fixed assets
- construction in progress
- intangible assets
- long-term equity investments
- goodwill

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of goodwill at each year-end, irrespective of whether there is any indication of impairment. Goodwill is allocated to each asset group, or set of asset groups, that is expected to benefit from the synergies of the combination for the purpose of impairment testing.

An asset group is composed of assets directly related to cash-generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (Note V (21)) less costs to sell and its present value of expected future cash flows.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

21. Fair value measurement

Unless otherwise specified, the Group determines fair value measurement as below:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

22. Employee benefits

(1) Short-term employee benefits

Short-term employee benefits include employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates. The employee benefits are recognized as a liability in the accounting period in which the service has been rendered by the employees, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(2) Profit sharing plan

Profit sharing plans gives employees a share in the profits of the company. Each employee receives a percentage of those profits based on the company's earnings. The Group is eligible for the employee benefits when meets the following conditions:

- The Group has legal obligation or constructive obligation to pay such employees benefits resulting of past events;
- Accrued payroll obligations due to profit sharing can be estimated reliably.

(3) Post-employment benefits – defined contribution plans

The Group's employees participate in the defined basic pension insurance plan set up and administered by local labor and social protection authorities. Basic pensions are provided for monthly according to stipulated bases and proportions to local labor and social security institutions. When employees retire, local labor and social security institutions have a duty to pay the basic pension insurance to them. The amounts payable are recognized as liabilities based on the above provisions in the accounting period in which the service has been rendered by the employees, and as costs of assets or expenses to whichever the employee service is attributable.

(4) Post-employment benefits – defined benefit plans

The actuarial estimate of defined benefit plans is calculated using the projected unit credit method.

The net liabilities (the present value of the defined benefit plan less fair value of the plan assets) are disclosed under employee benefits in balance sheet. The related services costs (including current service costs, past services costs and settlement gains or losses) and net interests calculated based on net liabilities of the defined benefit plan and appropriate discount rate are recognized through profit and loss for the period in which they occur. Actuarial gains and losses on pensions and other post-employment benefits arising from experience adjustments and changes in actuarial assumptions are recognized directly in other comprehensive income for the period in which they occur in consideration of the increase or decrease in the obligation.

The Group offers pension plans and other post-employment benefit plans to some employees and retirees of the

Group. The specific features of these plans vary depending on the applicable laws and regulations in each country where the employee work.

(5) Long-term bonus payment

In order to retain and engage Executives Committee Members, the Group has set up a a three years period plan, based on presence and performance business plan achievement on the period (Matrix ROCE/EBITDA reviewed annually), also based on the Company's phantom stocks and a personal co-investment

This incentive plan entitles the executives to a cash payment after three years, with business plan performance conditions. The fair values of the incentive plan payment are based on the Company's stock price at the date of the evaluation for the incentive plan.

23. Lease liabilities

Refer to paragraph 31 hereafter related to "leases".

24. Provisions and contingent liabilities

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome
- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate.

25. Preferred shares

At initial recognition, the Group classifies the preferred shares issued or their components as financial assets, financial liabilities or equity instruments based on their contractual terms and their economic substance after considering the definition of financial assets, financial liabilities and equity instruments.

Preference shares and perpetual bonds issued containing both equity and liability components are accounted for using the accounting policy for convertible instruments containing an equity component. Preference shares and perpetual bonds issued not containing an equity component are accounted for using the accounting policy for other convertible instruments not containing an equity component.

Preference shares and perpetual bonds issued that should be classified as equity instruments are recognised in equity based on the actual amount received. Any distribution of dividends or interests during the instruments' duration is treated as profit appropriation. When the preference shares and perpetual bonds are redeemed according to the contractual terms, the redemption price is charged to equity.

The preferred shares issued by the Company's subsidiary is classified as equity instruments, due to the following

features:

- The board of the directors of the issuer has the discretion to determine whether to declare a dividend distribution or not. The board resolution of the issuer should include the amount of preferred share dividend to be paid.
- The board of the directors shall be entitled at its sole discretion to pay or delay the payment of the preferred share dividend.

26. Profit distributions to owners

Distributions of profit proposed in the profit appropriation plan to be approved after the balance sheet date are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

27. Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

(1) Sale of goods

Revenue is recognised when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognises as revenue the amount of the transaction price that is allocated to each performance obligation.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognises the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. The consideration which the Group expects to refund to the customer is recognised as refund liabilities and excluded from transaction price. Where the contract contains a significant financing component, the Group recognises the transaction price at an amount that reflects the price that a customer would have paid for the promised goods or services if the customer had paid cash for those goods or services when (or as) they transfer to the customer. The difference between the amount of promised consideration and the cash selling price is amortised using an effective interest method over the contract term.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the customer can control the asset created or enhanced during the Group's performance; or
- the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognises revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognises revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

For performance obligation satisfied at a point in time, the Group recognises revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

- the Group has a present right to payment for the goods or services;
- the Group has transferred physical possession of the goods to the customer;
- the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and
- the customer has accepted the goods or services.

A contract asset is the Group's right to consideration in exchange for goods or services that it has transferred to a customer when that right is conditional on something other than the passage of time. The Group recognises loss allowances for expected credit loss on contract assets. Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods in the ordinary course of the Group's activities. Revenue is presented net of discounts and returns.

According to the characteristics of production and management of the group and the terms of relevant sales contracts with customers, revenue for domestic sales is generally recognised when the goods are delivered to the designated places and accepted by the customers, revenue for export sales is generally recognised when the goods are received by the shipping companies.

Therefore, the new revenue standards does not generate any material change in the accounting principles applied by the Group.

(2) Interest income

Interest income is recognized on a time proportion basis with reference to the principal outstanding and the applicable effective interest rate.

28. Contract costs

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer.

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained ,e.g. an incremental sales commission. The Group recognises as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognises an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labour, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered

- into the contract
- the costs generate or enhance resources of the Group that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

Assets recognised for the incremental costs of obtaining a contract and assets recognised for the costs to fulfil a contract (the “assets related to contract costs”) are amortised on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognised in profit or loss for the current period. The Group recognises the incremental costs of obtaining a contract as an expense when incurred if the amortisation period of the asset that the entity otherwise would have recognised is one year or less.

The Group recognises an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

- remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates; less
- the costs that relate directly to providing those goods or services that have not yet been recognised as expenses.

29. Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contribution from the government in the capacity as an investor in the Group.

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a non-monetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets.

A government grant related to an asset is recognized as deferred income and amortized to profit or loss on a straight-line basis over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognized initially as deferred income, and offset against related expenses in the periods in which the expenses or losses are recognized. A grant that compensates the Group for expenses already incurred is recognized in profit or loss in the current period.

30. Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being

the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include the deductible tax losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for the temporary differences arising from the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting profit nor taxable profit (or deductible loss). Deferred tax is not recognized for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amount of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all the following conditions are met:

- The taxable entity has a legally enforceable right to offset current tax liabilities and assets, and
- They relate to income taxes levied by the same tax authority on either:
 - the same taxable entity; or
 - different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

31. Leases

A contract is lease if the lessor conveys the right to control the use of an identified asset to lessee for a period of time in exchange for consideration.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset. An identified asset may be specified explicitly or implicitly specified in a contract and should be physically distinct, or capacity portion or other portion of an asset that is not physically distinct but it represents substantially all of the capacity of the asset and thereby provides the customer with the right to obtain substantially all of the economic benefits from the use of the asset. If the supplier has a substantive substitution right throughout the period of use, then the asset is not identified;
- the lessee has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use;
- the lessee has the right to direct the use of the asset.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. For a contract that contains lease and non-lease components, the lessee allocates the consideration in the contract to each lease

component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

(1) As a lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease.

The right-of-use asset is depreciated using the duration of contract. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment losses of right-of-use assets are accounted for in accordance with the accounting policy described in Note V.20.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

- there is a change in the amounts expected to be payable under a residual value guarantee;
- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;
- there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

(2) As a lessor

The Group determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset irrespective of whether the legal title to the asset is eventually transferred. An operating lease is a lease other than a finance lease.

When the Group is a sub-lessor, it assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term

lease to which the Group applies practical expedient described above, then it classifies the sub-lease as an operating lease.

Under a finance lease, at the commencement date, the Group recognises the finance lease receivable and derecognises the finance lease asset. The finance lease receivable is initially measured at an amount equal to the net investment in the lease. The net investment in the lease is measured at the aggregate of the unguaranteed residual value and the present value of the lease receivable that are not received at the commencement date, discounted using the interest rate implicit in the lease.

The Group recognises finance income over the lease term, based on a pattern reflecting a constant periodic rate of return. Variable lease payments not included in the measurement of net investment in the lease are recognised as income as they are earned.

Lease receipts from operating leases is recognised as income using the straight-line method over the lease term. The initial direct costs incurred in respect of the operating lease are initially capitalised and subsequently amortised in profit or loss over the lease term on the same basis as the lease income. Variable lease payments not included in lease receipts are recognised as income as they are earned.

32. Discontinued operations

The Group classifies a separate component as a discontinued operation either upon disposal of the operation or when the operation meets the criteria to be classified as held for sale, if it is separately identifiable, and satisfies one of the following conditions:

- It represents a separate major line of business or a separate geographical area of operations.
- It is part of a single coordinated plan to dispose of a separate major line of business or a separate geographical area of operations.
- It is a subsidiary acquired exclusively with a view to resale.

Where an operation is classified as discontinued in the current period, profit or loss from continuing operations and profit or loss from discontinued operations are separately presented in the income statement for the current period. Profit or loss from continuing operation in the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

33. Hedge accounting

Hedge accounting is a method which recognizes in profit or loss the offsetting effect of changes in the fair value of the hedging instrument and the hedged item in the same accounting period(s).

Hedged items are the items that expose the Group to risks of changes in fair value or future cash flows and that are designated as being hedged. The Group's hedged items include a firm commitment that is settled with a fixed amount of foreign currency and exposes the Group to foreign currency risk and other items.

A hedging instrument is a designated derivative whose changes in fair value or cash flows are expected to offset changes in the fair value or cash flows of the hedged item.

The hedge is assessed by the Group for effectiveness on an ongoing basis and judged whether it was highly effective throughout the accounting periods for which the hedging relationship was designated. A hedge is regarded as highly effective if both of the following conditions are satisfied:

- At the inception and in subsequent periods, the hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated; and
- The actual results of offsetting are within a range of 80% to 125%.

(1) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized directly in shareholders' equity as a separate component. That effective portion is adjusted to the lesser of the following (in absolute amounts):

- The cumulative gain or loss on the hedging instrument from inception of the hedge
- The cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, the associated gain or loss is recognized in profit or loss in the same periods during which the non-financial asset or non-financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognized directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies from equity to profit or loss the amount that is not expected to be recovered.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gain or loss is removed from equity and recognized in profit or loss in the same period during which the financial asset or financial liability affects profit or loss. However, if the Group expects that all or a portion of a net loss recognized directly in shareholders' equity will not be recovered in future accounting periods, it reclassifies from equity to profit or loss the amount that is not expected to be recovered.

For cash flow hedges, other than those covered by the preceding two policy statements, the associated gain or loss is removed from shareholders' equity and recognized in profit or loss in the same period or periods during which the hedged forecast transaction affects profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for hedge accounting, the Group will discontinue the hedge accounting treatments prospectively. In this case, the gain or loss on the hedging instrument that remains recognized directly in shareholders' equity from the period when the hedge was effective is not reclassified into profit or loss and is recognized in accordance with the above policy when the forecast transaction occurs. If the forecast transaction is no longer expected to occur, the gain or loss on the hedging instrument that remains recognized directly in shareholders' equity from the period when the hedge was effective is reclassified into profit or loss immediately.

(2) Fair value hedges

A fair value hedge is a hedge of the exposure to changes in fair value of a recognized asset or liability or an unrecognized firm commitment, or an identified portion of such an asset, liability or firm commitment.

The gain or loss from re-measuring the hedging instrument at fair value is recognized in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is recognized in profit or loss.

When a hedging instrument expires or is sold, terminated or exercised, or no longer meets the criteria for hedge accounting, the Group discontinues prospectively the hedge accounting treatments. If the hedged item is a financial instrument measured at amortized cost, any adjustment to the carrying amount of the hedged item is amortized to profit or loss from the adjustment date to the maturity date using the recalculated effective interest rate at the adjustment date.

34. Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control or joint control from another party, they are

considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

35. Segment information

The Group identifies reportable segments based on operating segments determined based on internal organization structure of the Group, management requirements, and internal reporting system after taking the materiality principle into account. Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

36. Important accounting estimates and their key assumptions

The preparation of financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Except for accounting estimates relating to depreciation and amortization of assets such as fixed assets and intangible assets (see Notes V (13), (15) and (16)) and provision for impairment of various types of assets (see Notes V (4), (7), (13), (14), (15), (16), (18)). Other significant accounting estimates are as follows:

Note VII (32) – Post-employment benefits – defined benefit plans

Note XI - Fair value of financial instruments.

37. Change of important accounting policies and accounting estimates

(1) Change of important accounting policies

☐ Applicable ☒ Not applicable

(2) Change of important accounting estimates

☐ Applicable ☒ Not applicable

VI. Taxes

1. Main tax type and tax rate✓ Applicable ☐ Not applicable

The main categories and rates of taxes applicable to the Group are set out below:

Category	Tax base	Tax rate
(1) Enterprise income tax	Taxable income	15% to 34%
(2) Value added tax ("VAT")	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the effective tax rate less deductible VAT input of current period)	5% to 21%
(3) Business tax	Taxable turnover (for French affiliates)	1.5%
(4) Stamp tax	Taxable sales amount, transactions between shareholders, Property,...	0.02% to 2%
(5) Property tax	Rental value (France) or cost of the property (China)	0 to 1.2%

Business income tax rates of major tax payer enterprises subject to different tax rates:

✓ Applicable ☐ Not applicable

Name of the company	Enterprise income tax rate
Bluestar Adisseo Company	25%
Adisseo France S.A.S	27.5%
Adisseo Espana S.A.	25%
Bluestar Adisseo Nanjing Co., Ltd	15%
Adisseo Life Science (Shanghai) Co., Ltd	25%
Adisseo USA Inc.	21%
Adisseo Brasil Nutrição Animal Ltda	34%
Nutriadi International N.V	25%

2. Tax preferences

The Group enjoys a tax preferences in BANC, Nanjing with income tax rate at 15%. In November 2022, BANC received officially publication from JiangSu science and technology committee for second batch name list of high new technology enterprises and BANC obtained the qualification on HNTE.

3. Other☐ Applicable ✓ Not applicable

VII. Notes to the Items in Consolidated Financial Statements**1. ,Cash at bank and on hand**

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Cash on hand		
Cash at bank	869,547,965	796,360,472
Other monetary funds		
Total	869,547,965	796,360,472
Including: cash deposited abroad		
cash deposited in finance companies	325,349,254	103,895,052

As at 30 June 2023 and 31 December 2022, no restricted funds within the Group.

2. Derivative financial assets

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Ending balance	Opening balance
Derivative financial instruments held at fair value through profit or loss		
Cash flow hedge instruments	98,692	371,145
Fair value hedge instrument	5,401,438	4,513,123
Total	5,500,130	4,884,268

3. Notes receivable

☐ Applicable ✓ Not applicable

4. Accounts receivable**(1) Accounts receivable****a. Accounts receivable by customer type are as follows**

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Accounts receivable from related parties	14,399,338	11,527,763
Accounts receivable from third parties	1,786,945,536	2,001,464,141
Less: provision for bad debts	58,738,823	46,737,883
Total	1,742,606,051	1,966,254,021

b. The ageing analysis of accounts receivable is as follows

Unit: Yuan Currency: RMB

The ageing is counted starting from the date when accounts receivable are recognised	Closing balance	Opening balance
Within 1 year	1,752,721,152	1,932,450,139
1 to 2 years	29,397,477	61,376,946
Over 2 years	19,226,245	19,164,819
Subtotal	1,801,344,874	2,012,991,904
Less: provision for bad debts	58,738,823	46,737,883
Total	1,742,606,051	1,966,254,021

c. Accounts receivable analyzed by customers' categories as follows

Unit: Yuan Currency: RMB

Category	30 June 2023					31 December 2022				
	Book Value		Provision for bad and doubtful debts		Carrying amount	Book Value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage	Amount	Percentage		Amount	Percentage	Amount	Percentage	
Individual Assessment										
Collective Assessment	1,801,344,874	100%	58,738,823	100%	1,742,606,051	2,012,991,904	100%	46,737,883	100%	1,966,254,021
Total	1,801,344,874	100%	58,738,823	100%	1,742,606,051	2,012,991,904	100%	46,737,883	100%	1,966,254,021

Accounts receivable which are individually significant and assessed individually for impairment at the end of the period:

☐ Applicable ☒ Not applicable

Accounts receivable which are collectively assessed for impairment using the ageing analysis method at the end of the period:

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Account age	Closing balance		
	Provision rate (Impairment loss/book value)	Book value at the end of the period	Impairment loss at the end of the period
Current	0%	1,559,311,999	0
Past due within 60 days	0%	128,772,691	0
[61]-[180] days past due	21.30%	60,944,028	12,979,117
Over [180] days past due	87.47%	52,316,156	45,759,706
Total		1,801,344,874	58,738,823

Account age	Opening balance		
	Provision rate (Impairment loss/book value)	Book value at the end of the period	Impairment loss at the end of the period
Current	0%	1,807,489,234	0
Past due within 60 days	0%	139,354,671	0
[61]-[180] days past due	33.78%	27,417,288	9,261,038
Over [180] days past due	96.76%	38,730,711	37,476,845
Total		2,012,991,904	46,737,883

Accounts receivable collectively assessed for impairment using the percentage of balance method at the end of the period:

☐ Applicable ☒ Not applicable

d. Addition, recovery or reversal of provision for bad and doubtful debts during the period✓ Applicable ☐ Not applicable

Items	Amounts incurred in the current period	Amounts incurred in the previous period
Balance at the beginning of the year	46,737,883	40,029,172
Addition during the year	18,148,158	15,038,023
Recovery or reversal during the year	(11,221,259)	(11,511,524)
Write-off during the year	0	0
Currency translation difference	5,074,041	3,182,212
Balance at the end of the period	58,738,823	46,737,883

Important recovery or reversal of provision for bad and doubtful debit during the period:

☐ Applicable ✓ Not applicable**e. Write-off during the period**

✓ Applicable Not applicable

Unit: Yuan Currency: RMB

Item	Write-off amount
Write-off amount in accounts receivable	0

Important write-off of provision for bad and doubtful debit during the period:

☐ Applicable ✓ Not applicable**f. Five largest accounts receivable by debtor at the end of the period**

Unit: Yuan Currency: RMB

	Gross balance	Amount of bad debt provision	Proportion to the total balance of accounts receivable
The five largest accounts receivable	240,046,619	439,297	13.75%

g. Derecognition of accounts receivable due to transfer of financial assets

Adisseo Group derecognizes receivables for which the contractual rights to receive the cash flows have been transferred along with substantially all of the risks and rewards of ownership. Transferred receivables are not derecognized when the default risk is retained by the Group. Costs incurred in transferring a receivable are recognized in financial expenses.

In H1 2023, the derecognized accounts receivable amounted to RMB 345,030,490 (2022 H1: RMB 325,904,922). Cost incurred and recognized as financial expenses amounted to RMB 5,845,993 (2022 H1 : RMB 6,531,015).

5. Advances to suppliers**(1) The ageing analysis of advances to suppliers is as follows**

Unit: Yuan Currency: RMB

Account age	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	139,196,557	87.13%	93,116,729	87.17%
1-2 years	11,314,207	7.08%	5,747,417	5.38%
2-3 years	3,987,695	2.50%	4,106,241	3.84%
More than 3 years	5,259,810	3.29%	3,850,012	3.61%
Total	159,758,269	100%	106,820,399	100%

As at 30 June 2023, the advances to suppliers with an account age of more than 1 year were RMB 20,561,712 (31 December 2022: RMB 13,703,670), which were mainly advance payment for purchasing of materials and services. The goods were not received or service delivered yet, so the accounts were not settled.

As at 30 June 2023, the top 5 accounts of Advances to suppliers in terms of value amounted to 46,982,682, 29.41% of the total amount of advances to suppliers.

6. Other receivables

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Interest receivable	474,217	1,499
Dividends receivable	0	0
Other receivables	203,633,847	169,717,714
Total	204,108,064	169,719,213

Other explanations:

☐ Applicable ☒ Not applicable

Interest receivable

☐ Applicable ☒ Not applicable

Dividends receivable

☐ Applicable ☒ Not applicable

Other receivables

☒ Applicable ☐ Not applicable

(1) Other receivables by ageing

Unit: Yuan Currency: RMB

Ageing	Closing balance
Within 1 year	203,633,847
1 to 2 years	
2 to 3 years	
Above 3 years	
Total	203,633,847

(2) Other receivables by nature

Unit: Yuan Currency: RMB

Nature of other receivables	Closing balance	Opening balance
Related-party receivables	122,329,165	83,108,478
Others	81,304,682	86,609,236
Total	203,633,847	169,717,714

(3) Bad debt provisions

☐ Applicable ☒ Not applicable

(4) Written-offs of other receivables in the reporting period

☐ Applicable ☒ Not applicable

(5) Top 5 accounts in terms of value

√ Applicable □ Not applicable

As at 30 June 2023, the top 5 accounts of Other receivables in terms of value amounted to RMB 193,969,504, 95.25% of the total amount of other receivables.

(6) Receivables related to government subsidies

□ Applicable √ Not applicable

7. Inventories**(1) Inventories by category**

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book value	Provision for decline in value of inventories	Carrying amount	Book value	Provision for decline in value of inventories	Carrying amount
Raw materials	612,229,173	75,129,452	537,099,721	643,835,261	69,889,702	573,945,559
Work in progress	193,695,210	1,087,040	192,608,170	190,276,252	1,907,685	188,368,567
Finished goods	1,418,249,539	50,017,125	1,368,232,414	1,633,001,254	24,158,357	1,608,842,897
Total	2,224,173,922	126,233,617	2,097,940,305	2,467,112,767	95,955,744	2,371,157,023

As at 30 June 2023, the inventories pledged as security by the Group amounted to nil (31 December 2022: nil).

(2) Provision for impairment of inventories

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in the current period	Decreased in the current period		Currency translation difference	Closing balance
		Provision	Reversal or write-off	Others		
Raw materials	69,889,702	3,325,924	(437,437)	0	2,351,263	75,129,452
Work in progress	1,907,685	0	(896,617)	0	75,972	1,087,040
Finished goods	24,158,357	23,052,472	(647,976)	0	3,454,272	50,017,125
Total	95,955,744	26,378,396	(1,982,030)	0	5,881,507	126,233,617

Basis for provision

Raw materials	Estimated selling price less estimated costs incurred at completion of construction, estimated selling expenses
Products in process	Estimated selling price less estimated costs incurred at completion of construction, estimated selling expenses
Finished goods	Estimated selling less estimated selling expenses

Reason for reversal

Increase in net realizable value/used
Increase in net realizable value/finished and sold
Increase in net realizable value/sold.

8. Other current assets

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value added tax deductible	337,560,895	320,375,583
Income tax receivable and others	393,173,771	366,129,358
Total	730,734,666	686,504,941

9. Long-term receivables✓ Applicable ☐ Not applicable**(1) Long-term receivables**

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance			Range of discount rate
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount	
Guarantees and cautions	451,886,921	0	451,886,921	356,213,609	0	356,213,609	
Loans to suppliers	0	0	0	0	0	0	
Others	3,783	0	3,783	3,830	0	3,830	
Total	451,890,704	0	451,890,704	356,217,439	0	356,217,439	

As at 30 June 2023, long-term receivables due within one year amounted to RMB 866,481 (31 December 2022: RMB 822,918). The majority of guarantees and cautions is related to the long-term provisions, please refer to Note VII, 33.

(2) An analysis of the movements of provision is as follows☐ Applicable ✓ Not applicable**10. Long-term equity investments**✓ Applicable ☐ Not applicable

Investee	Opening balance	Movements during the reporting period					Closing balance
		Additions of investment	P&L recognized under equity method	OCI recognized under equity method	Dividends distribution announced	FX impact	
I. Joint ventures							
Calyseo Limited	275,944,401		(20,381,324)	(24,604,326)		(2,607,594)	228,351,157
Nor-Feed Vietnam Co. Ltd		2,499,053				109,211	2,608,264
Subtotal of joint ventures	275,944,401	2,499,053	(20,381,324)	(24,604,326)		(2,498,383)	230,959,421

11. Investments in other equity instruments✓ Applicable ☐ Not applicable**(1) Details of investments in other equity instruments**

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Osiris G.I.E	1,979,066	1,864,952
Nor-Feed Holding S.A.S	0	7,422,826
Calysta Inc	243,260,579	230,850,194

PigChamp	7,877,100	7,422,900
AG Venture	6,866,461	3,560,745
Entobel	3,397,352	3,201,458
Bits x Bites Growth Fund I, L.P.	7,826,616	7,375,327
Other	927,682	959,036
Total	272,134,856	262,657,438

12. Other non-current financial assets

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Animal feed & health Venture Fund (AFV FCPI)	112,115,553	75,870,564
Total	112,115,553	75,870,564

13. Fixed assets

(2) Fixed assets

Unit: Yuan Currency: RMB

Items	Houses and buildings	Freehold land	Machinery equipment and Others	Total
I. Original book value				
1. Opening balance	5,001,310,941	96,726,214	12,511,122,225	17,609,159,380
2. Increase in current period				
1) Purchasing	2,319,527	0	30,652,155	32,971,682
2) Transfer from construction in process	4,941,171	2,497,230	141,756,183	149,194,584
3) Acquisition of subsidiary companies and businesses	26,278,179	1,554,244	13,616,241	41,448,664
3) Others increase				
3. Decrease in current period				
1) Disposal or retirement	(1,511,682)	0	(61,483,447)	(62,995,129)
2) Disposal of subsidiary companies and businesses				
3) Other decrease				
4. Currency translation	103,319,735	6,126,769	512,943,995	622,390,499
5. Closing balance	5,136,657,871	106,904,457	13,148,607,352	18,392,169,680
II. Accumulated depreciation				
1. Opening balance	(1,350,598,576)	0	(6,966,073,142)	(8,316,671,718)
2. Increase in current period				
1) Current period depreciation	(105,574,238)	0	(459,696,841)	(565,271,079)
2) Other				
3) Acquisition of subsidiary companies and businesses	(5,618,052)	0	(5,333,710)	(10,951,762)
3. Decrease in current period				
1) Disposal or retirement	1,507,508	0	61,349,286	62,856,794

Items	Houses and buildings	Freehold land	Machinery equipment and Others	Total
2) Disposal of subsidiary companies and businesses				
3) Other decrease				
4. Currency translation	(49,009,409)	0	(319,268,295)	(368,277,704)
5. Closing balance	(1,509,292,767)	0	(7,689,022,702)	(9,198,315,469)
III. Impairment reserve				
1. Opening balance			(134,465,834)	(134,465,834)
2. Increase in current period				
1) Current period depreciation				
3. Decrease in current period				
1) Disposal or retirement				
2) Disposal of subsidiary companies and businesses				
4. Currency translation			(8,227,833)	(8,227,833)
5. Closing balance			(142,693,667)	(142,693,667)
IV. Carrying amount				
1. Closing carrying amount	3,627,365,104	106,904,457	5,316,890,983	9,051,160,544
2. Opening carrying amount	3,650,712,365	96,726,214	5,410,583,249	9,158,021,828

(3) Temporarily idle fixed assets

There are no significant temporarily idle fixed assets.

(4) Fixed assets held under operating lease

☐ Applicable ☒ Not applicable

(5) Fixed assets held with unattained certificate

☐ Applicable ☒ Not applicable

14. Construction in progress

Unit: Yuan Currency: RMB

Items		Closing balance	Opening balance
Construction in progress	(1)	830,428,552	517,223,599
Construction materials	(2)		
Total		830,428,552	517,223,599

(1) Construction in progress

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance			Opening balance		
	Book value	Provision for impairment	Carrying amount	Book value	Provision for impairment	Carrying amount
Project H						

Project O				30,241,637		30,241,637
Project P				3,393,008		3,393,008
Project Q	63,166,719		63,166,719			
Project R	743,841		743,841			
Project S	169,373,404		169,373,404			
Others	597,144,588		597,144,588	483,588,954		483,588,954
Total	830,428,552		830,428,552	517,223,599		517,223,599

a. Movements of major construction projects in progress during the period

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Project name	Budget	Opening balance	Increase in current period	Transfer to fixed and intangible assets	Currency translation differences	Acquisition of subsidiary companies and businesses	Closing balance	Proportion of expenditures incurred to budgeted amount (%)	Progress of construction	Accumulated capitalized borrowing costs	Including: capitalized in current period	Capitalization rate (%)	Source of funds
Project O	55,691,097	30,241,637	15,271,881	(45,968,595)	455,077			86%	86%				Equity
Project P	59,865,960	3,393,008	56,341,478	(59,785,544)	51,058			100%	100%				Equity
Project Q	100,000,000		63,166,719				63,166,719	63%	63%				Equity
Project R	127,556,320		743,841				743,841	1%	1%				Equity
Project S	166,994,520		160,337,044		9,036,360		169,373,404	101%	99%				Equity
Others		483,588,954	139,843,475	(55,338,332)	29,050,491		597,144,588						Equity
Total	510,107,897	517,223,599	435,704,438	(161,092,471)	38,592,986		830,428,552						

There is no indicator of impairment for CIP projects.

b. Provision for impairment of construction in progress

☐ Applicable ✓ Not applicable

(2) Construction materials

☐ Applicable ✓ Not applicable

15. Right-of-use assets

Items	Rolling stock - vehicles- Wagon & other transport equipment	Buildings	Technical Equipment & Machinery	Other tangible assets	Total
I. Original book value					
1. Opening balance	99,889,020	326,995,730	23,252,919	6,979,030	457,116,699
2. Increase in current period					
1) Purchasing	41,876,345	16,080,702	1,697,627	3,853,003	63,507,677
2) Other increase					
3) Acquisition of					

subsidiary companies and businesses					
3. Decrease in current period					
1) Disposal or retirement	(1,255,792)	(10,135,251)	(777,350)	(2,763,129)	(14,931,522)
2) Disposal of subsidiary companies and businesses	0	0	0	0	0
3) Other decrease					0
4. Currency translation	40,402,422	16,299,789	503,658	663,209	57,869,078
5. Closing balance	180,911,995	349,240,970	24,676,854	8,732,113	563,561,932
II. Accumulated depreciation					
1. Opening balance	(45,170,310)	(56,305,407)	(9,878,462)	(6,099,851)	(117,454,030)
2. Increase in current period					
1) Current year depreciation	(20,359,170)	(21,594,341)	(2,920,169)	(2,539,168)	(47,412,848)
3) Acquisition of subsidiary companies and businesses					
3. Decrease in current period					
1) Disposal or retirement	870,322	10,135,251	777,350	2,763,129	14,546,052
2) Disposal of subsidiary companies and businesses	0	0	0	0	0
3) Other decrease	0	0	0	0	0
4. Currency translation	(36,411,236)	(2,791,849)	(198,676)	(592,358)	(39,994,119)
5. Closing balance	(101,070,394)	(70,556,346)	(12,219,957)	(6,468,248)	(190,314,945)
III. Impairment reserve					
1. Opening balance					
2. Increase in current period					
1) Current year depreciation					
3. Decrease in current period					
1) Disposal or retirement					
2) Disposal of subsidiary companies and businesses					
4. Currency translation					
5. Closing balance					
IV. Carrying amount					
1. Closing carrying amount	79,841,601	278,684,624	12,456,897	2,263,865	373,246,987
2. Opening carrying amount	54,718,710	270,690,323	13,374,457	879,179	339,662,669

16. Intangible assets

(1) Intangible assets

Unit: Yuan Currency: RMB

Items	Land use rights	Trademark	Patents	Non-patents	Customer relationships	Software and others	Total
I. Original book value							

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Items	Land use rights	Trademark	Patents	Non-patents	Customer relationships	Software and others	Total
1. Opening balance	153,144,120	734,530,754	431,956,257	1,089,680,620	1,574,809,551	884,560,581	4,868,681,883
2. Increase in current period							
1) Purchasing	9,701,980	66,734	13,812			42,503,922	52,286,448
2) Transferred from construction in process						11,897,887	11,897,887
3) Acquisition of subsidiary companies and businesses		6,538,090		25,585,252	60,495,150	567,384	93,185,876
4) Other increase							
3. Decrease in current period							
1) Disposal						(3,690,254)	(3,690,254)
2) Disposal of subsidiary companies and businesses							
3) Other decrease							
4. Currency translation		2,882,490	23,344,696	3,529,497	34,111,495	40,204,449	104,072,627
5. Closing balance	162,846,100	744,018,068	455,314,765	1,118,795,369	1,669,416,196	976,043,969	5,126,434,467
II. Accumulated amortization							
1. Opening balance	(30,978,840)	(257,192,306)	(416,665,115)	(627,236,545)	(1,041,868,517)	(430,026,723)	(2,803,968,046)
2. Increase in current period							
1) Current period depreciation	(1,523,178)	(10,084,219)	(1,574,732)	(22,886,918)	(46,454,013)	(52,686,455)	(135,209,515)
2) Others increase							
3) Acquisition of subsidiary companies and businesses							-
3. Decrease in current period							
1) Disposal						3,145,976	3,145,976
2) Disposal of subsidiary companies and businesses							
3) Other decrease							-
4. Currency translation		(798,313)	(22,494,862)	(1,572,878)	(12,598,154)	(17,602,638)	(55,066,845)
5. Closing balance	(32,502,018)	(268,074,838)	(440,734,709)	(651,696,341)	(1,100,920,684)	(497,169,840)	(2,991,098,430)
III. Impairment reserve							
1. Opening balance							
2. Increase in current period							
1) Current period depreciation							
3. Decrease in current period							

Items	Land use rights	Trademark	Patents	Non-patents	Customer relationships	Software and others	Total
1) Disposal of subsidiary companies and businesses							
4. Currency translation							
5. Closing balance							
IV. Carrying amount							
1. Closing carrying amount	130,344,082	475,943,230	14,580,056	467,099,028	568,495,512	478,874,129	2,135,336,037
2. Opening carrying amount	122,165,280	477,338,448	15,291,142	462,444,075	532,941,034	454,533,858	2,064,713,837

(2) Land use rights held with unattained certificate

☐ Applicable ☒ Not applicable

17. Development costs

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase during the current period		Decrease during the current period			Currency translation	Closing balance
		Internal development	Others	Recognized as intangible assets	Recognized in profit or loss	Others		
Development costs	96,777,098	19,118,784	0	0	(6,531,119)		6,490,844	115,855,607
Total	96,777,098	19,118,784	0	0	(6,531,119)		6,490,844	115,855,607

18. Goodwill

✓ Applicable □ Not applicable

(1) Changes in goodwill

Unit: Yuan Currency: RMB

Name of investee or events from which goodwill arising	Opening balance	Increase during the current period	Decrease during the current period	Currency translation	Closing balance
Drakkar Group S.A.(“DGSA”)	699,594,399	-	-	36,852,657	736,447,056
Specialties	1,224,106,145	85,931,217	-	86,114,769	1,396,152,131
Total	1,923,700,544	85,931,217	-	122,967,426	2,132,599,187

Goodwill regarding Drakkar Group SA is relating to the acquisition of Adisseo Group by Bluestar and listed on the Group’s consolidated financial statements. The accounting of the goodwill is based on Performance products business. The Goodwill on specialties is related to the acquisition of Innov’ia in 2011, the acquisition of Nutriad during the year 2018, Framelco during the year 2020 and Nor Feed in 2023.

(2) Impairment provision for goodwill

Unit: Yuan Currency: RMB

Name of investee or events from which goodwill arising	Opening balance	Increase in current period		Decrease in current period		Currency translation	Closing balance
		Withdrawal	Other	Disposal	Other		
DGSA							
Specialties							
Total	0						0

(3) Explanations of Impairment test, criteria and method of Impairment provision for goodwill:

The recoverable amount of asset groups and groups of asset groups is calculated using the estimated cash flows determined according to the five-year budget approved by management. The cash flows beyond the five-year period are calculated based on the following estimated growth rates.

Despite the recent short-term sharp decrease of profitability, the medium and long-term assumptions remained unchanged. The main assumptions applied in calculating discounted future cash flows are as follows:

	DGSA	Specialties
Growth rate of sales	3.5%	2.5%
Operating margin	28.9%	43.8%
Discount rate	9.3%	9.3%

The weighted average growth rates applied by management are consistent with those estimated in the industry reports, and do not exceed the long-term average growth rates of each product. Management determines budgeted gross margin based on past experience and forecast on future market development. The discount rates used by management are the pre-tax interest rates that are able to reflect the risks specific to the related asset groups and groups of asset groups. The above assumptions are used to assess the recoverable amount of each asset group and group of asset groups within the corresponding operating segment.

However, as key assumptions on which management has made in respect of future cash projections are subject to change, management believes that any adverse change in the assumptions would cause the carrying amount to exceed its recoverable amount.

19. Deferred income tax assets/ deferred income tax liabilities

(1) Deferred tax assets without taking into consideration the offsetting of balances

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Deductible temporary difference	Deferred tax assets	Deductible temporary difference	Deferred income tax assets
Deductible losses	208,283,802	53,799,706	89,551,715	23,131,208
Accrued expenses	552,420,588	142,690,238	518,345,133	133,888,548
Balance in fair value of derivative financial instruments	24,090,636	6,222,611	21,584,351	5,575,238
Property plant equipment and intangible assets	35,568,755	9,187,409	33,733,916	8,713,471
Unrealized profits of internal transactions	139,302,911	35,981,942	188,886,136	48,789,289
Payroll	233,818,848	60,395,408	242,526,628	62,644,628
Others	55,780,565	14,408,121	37,740,721	9,748,427
Total before offsetting	1,249,266,105	322,685,435	1,132,368,600	292,490,809

(2) Deferred tax liabilities without taking into consideration the offsetting of balances

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance		Opening balance	
	Taxable temporary difference	Deferred tax liabilities	Taxable temporary difference	Deferred tax liabilities
Property plant equipment and intangible assets	3,577,181,706	923,986,035	3,467,533,068	895,663,792
Balance in fair value of derivative financial instruments	33,831,191	8,738,597	37,098,373	9,582,510
Others	13,638,223	3,522,752	20,368,397	5,261,156
Total before offsetting	3,624,651,120	936,247,384	3,524,999,838	910,507,458

(3) Net amounts of deferred assets and liabilities taking into consideration the offsetting of balances

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance of mutual offset amount of deferred tax assets and deferred tax liabilities	Closing balance of net amount of deferred tax assets and deferred tax liabilities after offset	Opening balance of mutual offset amount of deferred tax assets and deferred tax liabilities	Opening balance of net amount of deferred tax assets and deferred tax liabilities after offset
Deferred tax assets	(168,026,420)	154,659,015	(158,337,880)	134,152,929
Deferred tax liabilities	(168,026,420)	768,220,964	(158,337,880)	752,169,578

(4) Details of non-recognized deferred income tax assets✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Deductible temporary differences		
Deductible losses	138,071,646	41,897,924
Total	138,071,646	41,897,924

(5) Expiration of deductible tax losses for unrecognized deferred tax assets✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Year	Closing amount	Opening amount
Within 5 years	26,948,000	24,613,000
No expiration date	111,123,646	17,284,924
Total	138,071,646	41,897,924

20. Other non-current assets

Items	Closing balance	Opening balance
Advance payments to CAPEX suppliers	14,502,417	28,491,983
Total	14,502,417	28,491,983

21. Short-term borrowings✓ Applicable ☐ Not applicable

Items	Closing balance	Opening balance
Unsecured loan	860,538,959	850,296,856
Total	860,538,959	850,296,856

22. Derivative financial liabilities✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Derivative financial instruments held at fair value through profit or loss	8,137	29,692
Cash flow hedge instruments	67,152	7,422
Fair value hedge instruments	1,190,553	326,608
Total	1,265,842	363,722

23. Accounts payable**(1) Accounts payable****a. Details of accounts payable are as follows**✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Payable for suppliers	1,515,679,140	1,536,944,038
Total	1,515,679,140	1,536,944,038

b. Important accounts payable with account age of more than 1 year

✓ Applicable ☐ Not applicable

As at 30 June 2023, the accounts payable with ageing over one year amounted to RMB 1,095,658 (31 December 2022: 2,398,973).

24. Wages and benefits payable

(1) Wages and benefits payable

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Reclassification	Acquisition of subsidiary companies and businesses	Currency translation difference	Closing balance
Short-term employee benefits	300,704,734	827,497,459	(829,528,144)	0	3,916,760	14,374,581	316,965,390
Post-employment benefits	8,989,589	37,668,562	(38,244,077)	0	210,513	534,296	9,158,883
Termination benefits							
French profit-sharing plans – short term	55,843,890	36,077,810	(56,417,268)	10,201,848	0	2,915,753	48,622,033
Long-term bonus payments – short term	38,035,770	0	(33,350,431)	40,144,598	0	2,208,921	47,038,858
Total	403,573,983	901,243,831	(957,539,920)	50,346,446	4,127,273	20,033,551	421,785,164

(2) Short-term employee benefits

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decrease in current period	Reclassification	Acquisition of subsidiary companies and businesses	Currency translation difference	Closing balance
I. Salary, bonus, allowance and subsidy	255,073,524	640,117,739	(644,248,132)	0	2,456,349	13,644,215	267,043,695
II. Employee welfare benefit							
III. Social insurance premium	32,060,088	128,199,342	(128,932,808)	0	745,356	1,960,166	34,032,144
Wherein: Medical insurance premium	31,995,826	127,028,055	(128,072,957)	0	745,356	1,939,010	33,635,290
Industrial injury insurance premium	63,449	866,529	(555,093)	0	0.000	21,156	396,041
Maternity insurance premium	813	304,758	(304,758)	0	0	0	813
IV. Housing fund	110,306	9,418,705	(8,764,054)	0	0	30,803	795,760
V. Labor union outlay and employee education outlay	254,439	1,751,719					2,006,158
VI. Others	13,206,377	48,009,954	(47,583,150)	0	715,055	(1,260,603)	13,087,633
Total	300,704,734	827,497,459	(829,528,144)	0	3,916,760	14,374,581	316,965,390

(3) Post-employment benefits

√ Applicable □ Not applicable

Items	Opening balance	Amount increased of current period	Amount decreased of current period	Reclassification	Acquisition of subsidiary companies and businesses	Currency translation difference	Closing balance
Post-employment benefits	8,989,589	37,668,562	(38,244,077)	0	210,513	534,296	9,158,883

25. Taxes payable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Value-added-tax	73,703,800	67,789,348
Business tax	18,694,097	11,734,365
Enterprise income tax	64,999,742	44,119,606
Individual income tax	2,660,115	1,744,746
Others	45,544,432	17,128,834
Total	205,602,186	142,516,899

26. Current portion of non-current liabilities✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Current portion of long-term borrowings	3,698,936	3,481,385
Current portion of long-term payables	820,305	773,006
Current portion of provisions*	24,112,964	221,518,487
Current portion of lease liabilities	65,389,595	62,296,179
Total	94,021,800	288,069,057

* The current portion of provisions mainly represents fiscal, custom risks and litigations. The Company made relevant provisions according to its best estimate based on the current available information. Any increase or decrease in such provisions will be charged to profits or losses.

27. Other current liabilities

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Others	4,758,750	6,638,993
Total	4,758,750	6,638,993

28. Long-term borrowings✓ Applicable ☐ Not applicable**Classification of long-term borrowings**

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Pledged loan		
Guarantee loan		
Mortgage loan		
Unsecured	718,391,918	847,077,900
Less: the part due within one year	(3,698,936)	(3,481,385)
Total	714,692,982	843,596,515

As at 30 June 2023, the range of interest rate for long-term borrowings was 0%~4.48% (as at 31 December 2022: 0%~3.22%).

29. Lease liabilities

Items	Closing balance	Opening balance
Leases liabilities – long term	312,920,618	281,545,289
Total	312,920,618	281,545,289

Items	Amount incurred during the current period
Short-term lease expenses applied the simplified method	11,287,441
Payment of lease liabilities under new lease standard	45,378,067

30. Long-term payables

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Financial lease		
Acquisition of financial assets	19,046,828	0
Other long-term payable	16,346,589	15,404,039
Less : the part to be paid in one year	(820,305)	(773,006)

Sub-total		34,573,112	14,631,033
Special payables	(1)		
Total		34,573,112	14,631,033

(1) Special payables

☐ Applicable ☒ Not applicable

31. Long-term employee benefits payable

☒ Applicable ☐ Not applicable

(1) Long-term employee benefits payable

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Defined benefit plans	185,008,702	173,224,219
French profit-sharing plans	65,786,234	82,847,094
Long-term bonus payments	52,787,577	83,716,510
Less: The part to be paid in one year	(95,660,891)	(93,879,660)
Total	207,921,622	245,908,163

The part due within one year includes the short term part of French profit-sharing amounting to RMB 48,622,033 and the short term part of long term bonus payments amounting to RMB 47,038,858.

(2) Change of defined benefit plan

☒ Applicable ☐ Not applicable

a. Change of defined benefit plan

Present value of defined benefit plan obligation

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period				Amount incurred during the last period			
	IFC	GA	Others	Total	IFC	GA	Others	Total
I. Opening balance	99,534,980	47,319,199	26,370,040	173,224,219	131,694,548	56,833,478	26,146,560	214,674,586
II. Defined benefit plan recognized through profit and loss for the period in which they occur	4,829,679	2,637,110	2,286,983	9,753,772	9,218,817	4,719,580	4,681,041	18,619,438
1. Service cost of current period	2,998,771	1,808,304	2,286,983	7,094,058	8,067,353	4,456,591	4,602,856	17,126,800
2. Previous service cost								
3. Settlement losses (gains)								
4. Net amount of interest	1,830,908	828,806	-	2,659,714	1,151,464	262,989	78,185	1,492,638
III. Re-measurement of the net liabilities of defined benefit plans					(35,332,874)	(10,995,767)	(1,174,340)	(47,502,981)
1. Actuary losses (profit)					(35,332,874)	(10,995,767)	(1,174,340)	(47,502,981)
IV. Other movements	605,576	606,796	818,339	2,030,711	(6,045,511)	(3,238,092)	(3,283,221)	(12,566,824)
1. Price paid during settlement	(5,439,981)	(2,298,053)	(278,434)	(8,016,468)	(8,230,832)	(4,371,297)	(1,445,770)	(14,047,899)
2. Currency	6,045,557	2,904,849	1,454,964	10,405,370	2,185,321	1,133,205	437,869	3,756,395

Items	Amount incurred during the current period				Amount incurred during the last period			
translation differences								
3. Other movements			(358,191)	(358,191)	0	0	(2,275,320)	(2,275,320)
V. Closing balance	104,970,235	50,563,105	29,475,362	185,008,702	99,534,980	47,319,199	26,370,040	173,224,219

Plan assets

☐ Applicable ☒ Not applicable

Net liabilities (net assets) of defined benefit plan

☐ Applicable ☒ Not applicable

Description about the contents of defined benefit plan, related risks, and influences on the Company's future cash flow, time and uncertainty:

- Defined benefit plans of the Group include end of Career Benefits (IFC); bonuses of Seniority (GA) and other benefit plans.
- End of Career Benefits (IFC): All employees working for Adisseo France are entitled on retirement to a lump-sum as a result of legislation applicable in France. The amount of End of Career Benefits depends on employee's length of service in the Group and on the rights guaranteed by contractual agreements. The employee's final salary is taken into account when calculating the amount of these retirement benefits.
- Bonuses of Seniority (GA): All employees working for Adisseo in France are entitled on Bonuses of Seniority as well, the amount of which depends on their seniority in the Group.

b. Main actuarial assumptions

Items	Closing balance	Opening balance
End of Career Benefits (IFC)		
Discount rate	3,77%	3,77%
Inflation rate	2,20%	2,20%
Wages increase rate (including inflation rate)	2,20%	2,20%
Mortality Table (1)	INSEE 2014-2016	INSEE 2014-2016
Retirement age	62 years - 64 years	62 years - 64 years
Bonuses of Seniority (GA)		
Discount rate	3,63%	3,63%
Inflation rate	2,20%	2,20%
Wages increase rate (including inflation rate)	2,20%	2,20%
Mortality Table (1)	INSEE 2014-2016	INSEE 2014-2016
Retirement age	62 years - 64 years	62 years - 64 years

(1) Mortality tables TH/TF 00-02 have been approved by decree of the Ministry of the Economy in 2015. They are based on data collected by INSEE (French national bureau of statistics). Table TH 00-02 is for males and table TF 00-02 for females.

a. Sensitivity analysis

Discount rate	Assumption volatility	Impact on the present value of the defined benefit obligation	
		assumption increase	assumption decrease
End of career benefits (IFC)			
Current period	+/- 0.25 %	(3,608,644)	3,775,581
Bonuses of Seniority (GA)			
Current period	+/- 0.25 %	(1,202,780)	1,250,843

(3) French profit-sharing plans

Profit sharing plans gives employees a share in the profits of the company. Each employee receives a percentage of those profits based on the company's earnings. All companies employing 50 workers or more are obliged by law to participate employees in the financial success of the company. All such companies must establish a profit-sharing plan (RSP), the level of which is calculated on the basis of a legally binding or otherwise pre-determined profit-sharing formula.

(4) Long-term bonus payments

a. Yearly Mid-term incentive for executives and critical leaders for business plan

Long-term bonus payments includes two types of bonus.

The first one is a bonus only based on Adisseo's results.

The second one is detailed below:

(1) 2020 Plan for Executive Committee Members and high qualified Executives

The Company has, in accordance with Board of BAC, set out terms and conditions under which a right to receive a) discretionary variable cash settled compensations based on variable number of phantom shares and b) another discretionary variable cash settled compensation based on presence and certain performance conditions of the Group would be awarded. These terms and conditions are described below, in the Management Incentive Plan 2020-2022 (« the Plan »).

Eligibility to the Executive Committee and non Executive Committee, the Management Incentive Plan 2020-2022 does not predetermine eligibility to a later Plan and is not predetermined by the eligibility to a previous Plan. Neither eligibility nor the benefit of the Plan can be interpreted as an employment contract giving rise to obligation on the Company or its subsidiaries.

- **Unit Award:** a discretionary variable deferred number of phantom shares defined on share price and currency as of March 20th, 2020, and that will be definitively acquired subject to Presence Conditions. The Unit Award is not subject to Performance Conditions (One Unit Award value = the fair market value of BLUESTAR ADISSEO COMPANY (BAC) at closing on March 20th, 2020 converted in Euros (€) on March 20th, 2020, i.e. € 1.5628(“ one euro and five thousand six hundred and twenty-two”).
- **Cash Award:** a discretionary variable cash settled compensation that will be definitely acquired subject to both Presence and Performance Conditions.

Total grant of unit Award is 793,924. This management incentive plan entitles relevant senior management to a cash payment after completing a 3-year service period from 2020 to 2022 with certain performance conditions (ROCE/EBITDA matrix) to be achieved by the the Group during the service period. The amount of the cash payments are to be determined based on the share price of the Company at the time when the relevant senior management exercise the phantom stocks. These phantom stocks of the Company can be exercised from January 1, 2023 to January 31, 2023.

The amount accounted for the plan are:

Items	Current period
Accumulated amounts of the liabilities	
Expenses accrued/(reversed) during the period	32,533,364

(2) 2021 Plan for Executive Committee Members and high qualified Executives

In order to continue to build up Adisseo, the Group has decided to offer Executive Committee Members and high qualified Executives an international recognition and implemented two plans.

The purpose of these Plans is to retain and motivate Executive Committee Members and high qualified Executives, key players to tackle our 3-years business plan.

The 2021 mid-term incentive plan has been approved by 30 March 2021, Board of Directors of the Company on the proposal of Remuneration Committee.

In these both plans, two types of Awards will be granted:

- Unit Award¹: a discretionary variable deferred number of phantom shares defined on share price and currency as of 30 March 2021¹, and that will be definitively acquired subject to Presence Conditions. The Unit Award is subject to share price performance.
- Cash Award: a discretionary variable cash settled compensation that will be definitively acquired subject to both Presence and Performance Conditions. The right to receive the effective benefit of the Cash Awards is based on achieving the combined objectives in strict respect of Adisseo Ethic Code (with a safety bonus malus +/- 10% on performance result) of:
 - Sales: measure the Amount of Gross Sales of the Group;
 - EBITDA: measure the Operational Profitability of the Group;
 - FCFTAT: measure the Free Cash Flow After Tax of the Group.

	Unit Award	Cash Award
Grant Date	July 20, 2021	July 20, 2021
Settlement as from	January 2024	N/A
Payment Period	Depending on unbuckling date: January / February 2024	At latest May 2024

The 2021 mid-term incentive plan has been approved by 30 March 2021, Board of Directors of the Company on the proposal of Remuneration Committee.

In these both plans, two types of Awards will be granted:

Items	Current period
Accumulated amounts of the liabilities	29,910,378
Expenses accrued/(reversed) during the period	9,970,126

(3) 2022 Plan In order to continue to build up Adisseo, the Group has decided to offer Executive Committee Members and high qualified Executives an international recognition and implemented two plans:

- ExCom Management Incentive Plan 2022-2024,
- Management Incentive Plan 2022-2024.

The purpose of these Plans is to implement discretionary variable cash settled compensations, in order to retain and motivate Executive Committee Members and high qualified Executives, key players to tackle our 3-years business plan.

The 2022 mid-term incentive plan has been approved by March 30th, 2022, Board of Directors of the Company on the proposal of Remuneration Committee.

Two types of Awards will be granted within the framework of these Plans:

- **Unit Award:** a discretionary variable deferred number of phantom shares defined on share price and currency as of March 30th, 2022, and that will be definitively acquired subject to Presence Conditions. The Unit Award is not subject to Performance Conditions.
One Unit Award value = the fair market value of BLUESTAR ADISSEO COMPANY (BAC) at closing on March 30, 2022, converted in Euros (EUR) on March 30, 2022, i.e., EUR 1.4018 (“one Euro and four thousand eighteen cents”).
- **Cash Award:** a discretionary variable cash settled compensation that will be definitively acquired subject to both Presence and Performance Conditions.

The Unit Award and Cash Award are conditional and subject to Presence Conditions.

Payment of the Vested Awards requires that the Beneficiaries remain Employees within the Group from the Grant Date and until the Payment Date, and not under termination notice.

	Unit Award	Cash Award
Grant Date	July 20, 2022	July 20, 2022
Settlement as from	January 2025	N/A
Payment Period	Depending on unbuckling date: from January 1st, 2025, to December 31st, 2026	At latest May 2025

The Cash Awards are also subject to Performance Conditions as mentioned. Please refer to the below performance targets table:

Unit: Yuan Currency: RMB

Items	Current period
Accumulated amounts of the liabilities	17,128,480
Expenses accrued/(reversed) during the period	7,063,793

(5) Undiscounted maturity analysis of defined benefit plans

Unit: Yuan Currency: RMB

	Within one year	One to two years	Two to five years	More than five years	Total
IFC	11,516,320	4,686,875	19,164,984	129,743,714	165,111,893
GA	7,727,435	5,175,255	13,895,204	44,592,263	71,390,157
Others	1,871,863	15,080,329	5,592,889	7,823,743	30,368,824

32. Provisions

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Currency translation difference	Closing balance	Reason of recognition
Provision	296,836,310	97,066,915	0	13,083,164	406,986,389	Provision for anti-dumping charges
Total	296,836,310	97,066,915	0	13,083,164	406,986,389	

On 29 July 2020, Novus International filed an antidumping petition against imports of methionine from France, Japan and Spain into the United States. The final decision in this proceeding led to a tax of 36% for liquid methionine produced in Spain and exported to the USA. The Company accrued relevant provision since 2021.

33. Other payables

Unit: Yuan Currency: RMB			
Items		Closing balance	Opening balance
Interest payable		3,375,590	6,019,947
Dividends payable		404,967,092	0
Others	(1)	504,310,242	565,071,372
Total		912,652,924	571,091,319

(1) Others**a. Details of other payables listed by nature**✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB		
Items	Closing balance	Opening balance
Loans due to related parties	18,789,690	21,520,230
Payables for acquisition of property, plant and equipment	430,574,087	485,666,412
Cautions and guaranties received	21,217,232	17,991,158
Others	33,729,233	39,893,572
Total	504,310,242	565,071,372

b. Significant others with ageing of more than one year✓ Applicable ☐ Not applicable

As at 30 June 2023, other payables with ageing over one year amounted to RMB 2,424,810 (31 December 2022: RMB 6,227,471), which were mainly payables for acquisition of property, plant and equipment.

34. Deferred income✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB						
Items	Opening balance	Increase in current period	Decrease in current period	Acquisition of subsidiary companies and businesses	Currency translation differences	Closing balance
Government subsidies	147,451,798		(6,378,703)	1,304,478	2,313,504	144,691,077
Total	147,451,798		(6,378,703)	1,304,478	2,313,504	144,691,077

Government subsidies:

Unit: Yuan Currency: RMB							
Liability projects	Opening balance	Amount of newly increased subsidy in current period	Amount recognized in other income	Acquisition of subsidiary companies and businesses	Currency translation differences	Closing balance	Related to assets / Income
Project D	29,807,650	-	(323,988)	-	1,792,041	31,275,703	Assets
Project B	1,013,225	-	-	-	61,999	1,075,224	Assets
Project C	110,173,000	-	(5,866,350)	-	-	104,306,650	Assets
Others	6,457,923	-	(188,365)	1,304,478	459,464	8,033,500	Assets
Total	147,451,798	-	(6,378,703)	1,304,478	2,313,504	144,691,077	

35. Paid-in Capital

Unit: Yuan Currency: RMB

	Opening balance	Changes during the period (+ / -)					Closing balance
		New shares issued	Shares distributed	Conversion from reserves to shares	Others	Subtotal	
Total shares	2,681,901,273						2,681,901,273

36. Capital reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increased in current period	Decreased in current period	Ending balance
Capital premium (capital stock premium)	-			
Other capital reserve	1,004,724,989			1,004,724,989
Total	1,004,724,989			1,004,724,989

37. Other comprehensive income

✓ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Balance at the beginning of the period attributable to shareholders of the Company	Amount incurred during the current period						Balance at the end of the period attributable to shareholders of the Company
		Other	Amount before tax	Less: transfer to profit or loss that previously recognized	Less: income tax	Net of tax other comprehensive income attributable to owners of the Company	Net of tax amount attributable to non controlling interests	
Items that will not be reclassified to profit or loss	13,544,939		16,198,109			16,198,109		29,743,048
Including: remeasurement of changes in liabilities under defined benefit plans	15,089,339							15,089,339
Changes in fair value of investments in other equity instruments	(1,544,400)		16,198,109			16,198,109		14,653,709
Items that may be reclassified to profit or loss	(913,329,453)		490,928,389	(195,900)	(40,781)	491,165,070	1,407,555	(422,164,383)
Including: effective portion of gain or loss of cash flow hedge	(1,332,967)		(1,077,783)	(195,900)	(40,781)	(841,102)		(2,174,069)
Translation difference of foreign financial statements	(911,996,486)		492,006,172			492,006,172	1,407,555	(419,990,314)
Total	(899,784,514)		507,126,498	(195,900)	(40,781)	507,363,179	1,407,555	(392,421,335)

38. Surplus reserve

Unit: Yuan Currency: RMB

Items	Opening balance	Increase in current period	Decrease in current period	Closing balance
Statutory surplus reserve	597,195,660			597,195,660
Total	597,195,660			597,195,660

In accordance with the Company Law of the People's Republic of China and the Articles of Association, prior to the distribution of the Company's net profit, the Company should provide 10% as statutory reserve for the net profit available for distribution, after covering the accumulated losses from prior years. When the statutory surplus reserve accumulatively reaches more than 50% of registered capital, it may not be withdrawn any more. If approved, statutory surplus reserve may be used to cover losses or increase capital stock.

39. Undistributed profit

Unit: Yuan Currency: RMB

Items	Note	Current period	Last period
Undistributed profit of last period before adjustment		11,549,551,047	10,823,785,807
Total adjustments (increased +/- decreased -)			
Undistributed profit at the beginning of period after adjustment		11,549,551,047	10,823,785,807
Add: Net profit attributable to the Company's owners in current period		33,400,286	1,246,679,835
Appropriation of special reserves			
Other comprehensive income transferred to retained earnings			
Less: Withdrawal of statutory surplus reserve		-	43,547,515
Dividend distribution	(1)	404,967,092	477,378,428
Others		13,060,606	(11,348)
Undistributed profit at the end of period	(2)	11,164,923,635	11,549,551,047

(1). Distribution of dividends of ordinary shares declared during the year:

The dividend distribution, amounting to RMB 404,967,092 was approved by the General Shareholders' Meeting on 31 May 2023.

(2). Retained earnings at the end of the year:

As at 30 June 2023, the consolidated retained earnings attributable to the Company included an appropriation of RMB 360,544,356 to surplus reserve made by the Company's subsidiaries.

40. Operating revenue and operating cost

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period		Amount incurred during the last period	
	Operating revenue	Operating Cost	Operating revenue	Operating Cost
Main businesses	6,328,375,755	4,998,471,707	7,195,404,620	4,927,455,886
Total	6,328,375,755	4,998,471,707	7,195,404,620	4,927,455,886

Detail of main businesses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period		Amount incurred during the last period	
	Revenue	Cost	Revenue	Cost
Performance products	4,163,341,924	3,701,914,251	5,220,497,601	3,768,436,254
Specialties products	1,749,321,538	1,048,607,683	1,537,631,013	794,533,516
Other products	415,712,293	247,949,773	437,276,006	364,486,116
Total	6,328,375,755	4,998,471,707	7,195,404,620	4,927,455,886

Revenue generated from contracts

Contract Classifications	Segment Health and nutrition	Total
By product		
- Performance products	4,163,341,924	4,163,341,924
- Specialties products	1,749,321,538	1,749,321,538
- Other products	415,712,293	415,712,293
By territory		
- EUROPA / AFRICA / MO	2,143,112,766	2,143,112,766

- NORTH AMERICA	1,195,064,984	1,195,064,984
- ASIA / PACIFIC	907,598,938	907,598,938
- SOUTH AMERICA	1,247,959,465	1,247,959,465
- CHINA	789,094,324	789,094,324
- Others	45,545,278	45,545,278
Total	6,328,375,755	6,328,375,755

Explanation on contract commitment (if applicable)

Not applicable

41. Taxes and surcharge

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Business taxes	4,829,679	8,572,961
Property tax	5,967,403	12,544,912
City maintenance and construction tax	3,757,180	935,497
Education surcharge and local education surcharges	3,215,427	673,275
Others	8,060,294	16,819,151
Total	25,829,983	39,545,796

42. Selling and distribution costs

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense including right of use depreciation	12,664,418	11,701,242
Replenishment and storage expenses	274,450,683	241,084,840
Personnel expenses	215,202,317	207,086,183
Commission expenses for delegating agent	28,633,222	33,976,916
Travel expenses	20,243,252	15,362,873
Others	63,554,945	46,558,611
Total	614,748,837	555,770,666

43. General and administrative expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense including right of use depreciation	31,572,000	26,509,748
Amortisation of intangible assets	70,691,790	73,177,070
Employee benefit expenses	160,790,964	149,960,356
Consulting and other expert services	52,279,139	56,906,362
Travel expenses	6,774,663	3,164,986
Rent expenses	4,441,123	6,865,066
Insurance expenses	12,099,551	17,254,273
Others	24,973,317	12,432,485
Total	363,622,547	346,270,346

44. Research and development expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Depreciation expense including right of use depreciation	16,244,182	14,203,111

Items	Amount incurred during the current period	Amount incurred during the last period
Amortisation of intangible assets	724,387	729,024
Employee benefit expenses	100,735,882	94,513,002
Consulting and other expert services	20,187,601	14,624,431
Travel expenses	2,828,461	2,310,465
Rent expenses	3,016,271	1,093,222
Insurance expenses	325,265	291,600
Research and exploitation expenses (without Payroll & External Expenses)	30,529,088	12,181,824
Others	28,241,991	24,882,534
Total	202,833,128	164,829,213

45. Financial expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Interest expenditure arising from loans and payables	35,735,384	10,670,339
Less: interest expenditure capitalized		
Interest expenditure arising from lease liabilities	5,106,566	1,462,868
Interest income	(8,588,639)	(3,399,320)
Net exchange losses / (gains)	(3,751,619)	3,028,868
Other financial expenses	15,339,491	8,780,646
Total	43,841,183	20,543,401

46. Investment income (loss)

Items	Amount incurred during the current period	Amount incurred during the last period
Investment income from longterm equity investment under equity method	(20,381,324)	(485,862)
Others		0
Total	(20,381,324)	(485,862)

47. Gains (losses) from changes in fair value

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Source generating the gain (loss) of change on fair value	Amount incurred during the current period	Amount incurred during the last period
Change in fair value of phantom shares	30,138,400	
Change in fair value of derivative financial instruments	595,625	(25,435,602)
Total	30,734,025	(25,435,602)

48. Credit Losses

Credit losses	Amount incurred of current period	Amount incurred of comparative period
Accounts receivable	(6,926,899)	(5,126,812)
Total	(6,926,899)	(5,126,812)

49. Asset impairment losses

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
I. Provision for bad debt		0
II. Provision for decline in value of inventories	(26,378,396)	(1,607,638)
III. Impairment loss for available-for-sale financial assets	0	0
Total	(26,378,396)	(1,607,638)

50. Non-operating income**(1) Non-operating income by item is as follows**

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period	Amount recorded in non-recurring gain or loss of current period
Gains on disposal of non-current assets			
Including:			
Gains on disposal of fixed assets			
Gains on disposal of intangible assets			
Compensation income			
Government grant			
Others	9,204,263	2,489,295	9,204,263
Total	9,204,263	2,489,295	9,204,263

51. Non-operating expenses

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period	Amount recorded in the non-recurring gain or loss of current period
Losses on disposal of non-current assets	579,384	2,403,371	579,384
Including:			
Losses on disposal of fixed assets	114,484	2,403,371	114,484
Losses on disposal of intangible assets	464,900	0	464,900
Compensation expenditure			
Donations			
Others	15,733,606	4,581,209	15,733,606
Total	16,312,990	6,984,580	16,312,990

52. Income tax expenses**(1) Income tax expenses**

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Current income tax	76,551,803	235,515,795
Deferred income tax	(54,380,355)	1,756,936
Total	22,171,448	237,272,731

(2) Accounting profit and expense of income tax adjustment process

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Total profit before tax	55,116,368	1,109,746,129
Income tax expenses calculated at applicable tax rates (1)	14,236,558	286,647,425
Credit Tax	(12,878,264)	(14,142,453)
Difference of tax rates applicable to subsidiary companies (2)	(19,005,333)	(27,242,490)
Change in tax rate	-	-
Income not subject to tax	-	(166,053)
Costs, expenses and losses not deductible for tax purposes	29,061,389	1,936,228
Tax losses for which no deferred income tax asset was recognized	16,067,139	1,925,500
Utilization of previously unrecognized tax losses	-	-
Others	(5,310,041)	(11,685,426)
Income tax expenses	22,171,448	237,272,731

Income tax expenses calculated at applicable tax rates (1) is calculated at the statutory income tax rate of France, which is the main operation jurisdiction of the Group (25.83% as at 30 June 2023 and 25.83% as at 31 December 2022). The impacts of different tax rates between local tax rate of subsidiaries in different jurisdictions and French tax rate are presented in Difference of tax rates applicable to subsidiary companies (2); and other reconciliation items are calculated by local tax rate as applicable.

53. Basic earnings per share

(1) Basic earnings per share

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Net profit attributable to shareholders of the Company	33,400,286	1,246,679,835
Common stock	2,681,901,273	2,681,901,273
Basic earnings per share	0.01	0.46
Basic earnings per share from continue operation (i)	0.01	0.46
Basic losses per share from discontinue operation		

- (i) The weighted average number of shares used for the calculation of the EPS for the period ended 30 June 2023 and year 2022 is 2,681,901,273.

Weighted average number of ordinary shares is calculated as follows:

Number of shares	Amount incurred during the current period	Amount incurred during the last period
Issued ordinary shares at January 1	2,681,901,273	2,681,901,273
Effect of new shares		
Weighted average number of ordinary shares at the end of the period	2,681,901,273	2,681,901,273

(2) Diluted earnings per share

The Company does not have dilutive potential ordinary share in the periods from 1 January 2023 to 30 June 2023 and 1 January 2022 to 30 June 2022. The diluted earnings per share/ (loss) is equal to basic earnings per share/ (loss)

54. Supplement to income statement

Unit: Yuan Currency: RMB

Items	Amount incurred of current period	Amount incurred of last period
Operating revenue	6,328,375,755	7,195,404,620
Less : Changes in inventories of raw materials, finished goods and work-in-progress	393,479,804	(610,032,821)
Raw materials, purchased equipment and consumables purchased	3,256,199,616	4,191,162,884
Employee benefit expenses	911,002,371	861,362,047
Depreciation/amortization expenses	707,011,655	577,215,991
Depreciation/amortization expenses right of use	47,412,848	27,919,612
Transportation expenses	270,949,334	278,580,455
Replenishment	183,496,927	166,985,547
Storage expenses	90,953,756	74,099,293
Consulting and other expert services	88,355,741	86,449,345
Travel expenses	30,180,442	20,838,324
Rent expenses	11,287,441	9,722,940
Insurance expenses	12,991,703	18,214,539
Commission expenses for delegating agent	28,633,222	33,976,916
Research and exploitation expenses	67,195,149	46,363,907
Taxes	25,829,983	39,545,796
Credit losses	6,926,899	5,126,812
Asset impairment losses	26,378,396	1,607,638
Losses/(gain) arising from changes in fair value	-30,734,025	25,435,602
Investment Loss / (income)	20,381,324	485,862
Gain/(losses) from asset disposals	579,384	(70,014)
Other income	-6,728,703	(5,838,002)
Others	124,367,393	232,010,533
Total operating profit	62,225,095	1,114,241,414

55. Items in cash flow statement

(1) Cash received relating to other operating activities

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Others	16,640,520	884,254
Total	16,640,520	884,254

(2) Cash paid relating to other operating activities

Unit: Yuan Currency: RMB

Items	Amount incurred during the current period	Amount incurred during the last period
Travel expenses	30,180,442	21,074,161
Rent	11,287,441	9,895,103
Insurances	12,991,703	18,293,688
Others	45,208,993	9,188,622
Total	99,668,579	58,451,574

(3) Cash paid relating to other investment activities

☒ Applicable ☐ Not applicable

Unit: Yuan Currency:

RMB		
Items	Amount incurred of current period	Amount incurred of last period
Loan to Calysseo		
Others	131,736,787	116,092,183
Total	131,736,787	116,092,183

(4) Cash paid relating to other financing activities

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred of current period	Amount incurred of last period
Preferred shares redemption		1,568,817 120
Other	45,378,067	27,223,097
Total	45,378,067	1,596,040,218

56. Supplementary data of cash flow statement**(1) Supplement to cash flow statement**

Unit: Yuan Currency: RMB

Items	Amount of current period	Amount of last period
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	32,944,920	872,473,398
Add: Impairment provisions for assets	26,378,396	1,607,638
Credit loss	6,926,899	5,126,812
Depreciation of fixed assets	565,271,079	445,900,561
Depreciation of assets from right of use	47,412,848	27,919,612
Amortization of intangible assets	135,209,457	125,364,520
Amortization of expenditures on research and development	6,531,119	5,950,910
Amortization of long-term deferred expenses	2,651,124	921,323
Losses (gains) on disposal of fixed assets, intangible assets and other long-term assets	579,384	(70,014)
Losses from scrapping of fixed assets	0	2,473,385
Losses (gains) on changes in fair value	(30,734,025)	25,435,602
Decrease (increase) of deferred tax assets	(23,257,490)	5,973,978
Increase (decrease) of deferred tax liabilities	(31,122,866)	(4,217,042)
Financial expenses (income)	(5,983,201)	(26,210,764)
Losses (gains) arising from investment	20,381,324	485,862
Amortization of deferred income	(6,378,703)	(5,838,002)
Decrease (increase) in gross inventories	393,479,804	(610,032,821)
Decrease (increase) in receivable from operating activities	378,694,185	(555,587,305)
Increase (decrease) in payable from operating activities	(343,650,935)	23,039,774
Net cash flow from operating activities	1,175,333,319	340,717,427
2. Investing and financing activities not requiring the use of cash or cash equivalents		
Debts converted into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Change in cash and cash equivalents		
Closing balance of cash	869,547,965	767,427,558

Items	Amount of current period	Amount of last period
Less: Opening balance of cash	796,360,472	2,114,710,481
Add: Closing balance of cash equivalent	0	0
Less: Opening balance of cash equivalent	0	0
Net increase of cash and cash equivalent	73,187,493	(1,347,282,923)

(2) Net amount of cash paid in current period for obtaining subsidiary companies

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

	Amount of current period	Amount of last period
Cash and cash equivalents paid this year for acquiring subsidiaries and other business units during the period	150,523,163	
Including: NOR-FEED	150,523,163	
Less: Cash and cash equivalents held by acquired subsidiaries and other business units on the date of purchasing	13,710,148	
Including: NOR-FEED	13,710,148	
Add: Cash or cash equivalent paid in current period for acquiring subsidiaries and other business units in previous period		
Net amount of cash paid for obtaining subsidiary companies	136,813,015	

(3) Net amount of cash received from disposal of subsidiary companies in current period

☐ Applicable ☒ Not applicable

(4) Composition of cash and cash equivalent

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
I. Cash at bank and on hand	869,547,965	796,360,472
Including: Cash on hand		
Bank deposit available for payment anytime	869,547,965	796,360,472
Other monetary resources available on demand	-	
II. Cash equivalents		
III. Closing balance of cash and cash equivalents	869,547,965	796,360,472
Including: Use-restricted cash and cash equivalent of the Company or its subsidiaries	NA	NA

57. Foreign-currency monetary items

☒ Applicable ☐ Not applicable

The Group's exposure to currency risk arising from recognized assets and liabilities denominated in foreign currencies at each affiliate level as at 30 June 2023 is as follows. For consideration of disclosure, the amount of exposure to the risk is shown in Renminbi to be converted at the spot exchange rate on the balance sheet date. Currency translation difference is not included.

(1) Foreign-currency monetary balances

Items	Closing balance at foreign currency	Exchange rate for conversion	Closing balance at RMB equivalent
Cash and cash equivalents			
Wherein: EUR	504,169	7.4229	3,742,396
CNY	2,946,631	1.0000	2,946,631
USD	12,373,277	6.9705	86,247,927
GBP	79,695	8.3827	668,061
THB	4,576,526	0.1995	913,017
BRL	1,281,345	1.3328	1,707,776
CAD	82,507	5.1281	423,105
MXN	23,331,858	0.3600	8,399,469
SGD	2,258,688	5.1692	11,675,610
OTHER			7,764,434
Total			124,488,426
Accounts receivable			
Wherein: EUR	3,081,885	7.4229	22,876,521
USD	63,848,227	6.9705	445,054,063
GBP	2,308,504	8.3827	19,351,500
THB	12,762,180	0.1995	2,546,055
BRL	106,660,156	1.3328	142,156,656
CAD	0	5.1281	0
MXN	0	0.3600	0
SGD	0	5.1692	0
OTHER			2,178,713
Total			634,163,508
Accounts payable			
Wherein: EUR	-261,753	7.4229	-1,942,963
CNY	-6,131,315	1.0000	-6,131,315
USD	-45,531,226	6.9705	-317,375,411
GBP	-144,337	8.3827	-1,209,933
THB	0	0.1995	0
BRL	-1,940,322	1.3328	-2,586,061
CAD	-130,275	5.1281	-668,061
MXN	-2,342,867	0.3600	-843,432
SGD	-753,180	5.1692	-3,893,337
OTHER			-4,357,242
Total			-339,007,755
Other payables			
Wherein: EUR	-461,554	7.4229	-3,426,070
CNY	0	1.0000	0
USD	-2,426,592	6.9705	-16,914,563
GBP	0	8.3827	0
THB	0	0.1995	0
BRL	-1,699,743	1.3328	-2,265,417
CAD	0	5.1281	0
MXN	0	0.3600	0

SGD	0	5.1692	0
OTHER			-28,771,160
Total			-51,377,210
Long-term receivables			
Wherein: EUR	0	7.8771	0
CNY	0	1.0000	0
USD	35,002	7.2016	252,067
GBP	0	9.1170	0
THB	0	0.2019	0
BRL	14,462,842	1.4968	21,647,982
CAD	0	5.4314	0
MXN	410,834	0.4207	172,838
SGD	227,162	5.3260	1,209,867
OTHER			128,476
Total			23,411,230
Gross balance sheet exposure			
Wherein: EUR	2,444,029	7.8771	19,251,862
CNY	-4,103,969	1.0000	-4,103,969
USD	33,362,265	7.2016	240,261,686
GBP	1,994,830	9.1170	18,186,863
THB	9,823,432	0.2019	1,983,351
BRL	99,478,949	1.4968	148,900,091
CAD	-20,304	5.4314	-110,279
MXN	9,534,790	0.4207	4,011,286
SGD	-204,176	5.3260	-1,087,441
OTHER			-6,246,219
Total			421,047,231

(2) Description about foreign business entities, including important foreign business entities, foreign main business place, recording currency and selection basis, and reasons for change of recording currency.

✓ Applicable □ Not applicable

Name of the subsidiary	Principal place of business	Functional Currency	Basis for determining the functional currency
Adisseo France S.A.S	France	EUR	Local currency of principal place of business
Bluestar Adisseo Nanjing Co., Ltd	China	RMB	Local currency of principal place of business
Adisseo Life Science (Shanghai) Co., Ltd	China	RMB	Local currency of principal place of business
Adisseo Espana S.A.	Spain	EUR	Local currency of principal place of business
Adisseo USA Inc.	USA	USD	Local currency of principal

			place of business
Adisseo Brasil Nutricao Animal Ltd	Brazil	USD	Currency of principal flows of business
Nutriad International N.V	Belgium	EUR	Local currency of principal place of business

58. Hedging

✓ Applicable ☐ Not applicable

Operations of the Group are exposed to global market risks, including the effect of changes on currency exchange rates, on interest rates and commodity prices. Derivative financial instruments are used to manage these financial exposures as an integral part of the Group's overall risk management program. Derivatives are not used for speculative purposes. For most of those transactions, the Group applies cash flow hedge accounting and documents, at the inception of the hedge, the type of hedging relationship, the hedging instruments, the nature and the term of the hedged item.

Cash flow hedge accounting means that the Group hedges exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction. Such derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value.

The fair value of derivatives is based on the market price at the balance sheet date. In the balance sheet, they are carried as financial assets when their fair value is positive and as financial liabilities when their fair value is negative.

Applying cash flow hedge accounting has the following consequences:

The portion of the gain or loss on the hedging instrument that is determined to be effective is recognized directly in equity, while the change in the fair value of the hedged item is not yet recognized in the balance sheet. The amounts directly recognized in equity are reclassified to profit or loss when the hedged transactions occur and are recorded;

The change in fair value of the ineffective portion recognized directly in the income statement, in net foreign exchange gains/(losses).

From January to June 2023, the change in fair value on these derivatives has a negative impact of RMB - 881,883 (January to June 2022: Gains of RMB 16,530,686) recorded in other comprehensive income as cash flow hedge accounting, including RMB -685,984 of change in fair value and RMB -195,900 of reclassification into P&L.

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From January to June 2023, the change in fair value on these derivatives has a positive impact of RMB 595,625 (January to June 2022: Losses of RMB 25,435,602) charged to the income statement as fair value hedge accounting, cash flow hedge ineffectiveness or non-hedge.

Brief introduction of government grant

✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Balance	Presentation of projects	Amount recorded in current profit and loss
Government grants related to assets			
Project B	1,075,224		0

Project C	104,306,650	Land use right and industrial structure adjustment in Nanjing plant	5,866,350
Project D	31,275,703	Water purification plant in Commentry plant	323,988
Other projects	8,033,500		188,365
Government grants related to income			
Items offset against operating costs			
Items recognised in other income			350,000

The government subsidy only composes part of the other income.

(1) Refund of government grant

☐ Applicable ☒ Not applicable

VIII. Change of Consolidation Scope

1. Business combination not under common control

☒ Applicable ☐ Not applicable

(1). Business combination not under common control during this period

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Acquiree's name	Date of shares acquired	Consideration	Shareholding acquired (%)	Acquisition terms	Acquisition date	Basis for determining the acquisition date	Revenue of the acquiree from the acquisition date to period end	Net profit of the acquiree from the acquisition date to period end
Nor-Feed Holding	24 Feb. 2023	168,741,826	76.73	Cash payment	24 Feb. 2023	The date when the Group obtained the control of Nor-Feed	45,775,558	1,405,188

The overseas subsidiary of Bluestar Adisseo Company, Drakkar Group S.A, executed a Share Purchase Agreement in February 2023 to acquire 76.73% equity of Nor-Feed Holding S.A.S (“Nor-Feed”). After the share purchase, the Group holds 93.28% equity of Nor-Feed and obtained the control of Nor-Feed.

Nor-Feed is a French group that designs, manufactures and markets plant-based specialty ingredients and plant extracts for animal nutrition.

(2). Consideration and goodwill

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Consideration	Nor-Feed
--Cash	150,523,163
--Fair value of non-cash assets	
--Fair value of debts issued or assumed	
--Fair value of equity securities issued	
--Fair value of contingent consideration	18,218,663
--Fair value of previously held interests on the acquisition date	23,732,709
--others	
Total consideration	192,474,535
Less: Fair value of the identifiable net assets acquired	106,543,318
Goodwill	85,931,217

(3). Fair value of identifiable assets and liabilities of the acquiree as at acquisition date

	Nor-Feed	
	Fair value at the acquisition date	Book value at the acquisition date
Assets:	187,569,691	101,367,108
Cash at bank and on hand	13,710,148	13,710,148
Receivables	22,818,292	22,818,292
Inventories	15,754,081	15,754,081
Fixed assets	30,496,903	30,496,903
Intangible assets	93,185,876	6,983,286
Other assets	11,604,391	11,604,398
Liabilities:	76,267,466	54,001,364
Loans	31,487,689	31,487,689
Payables	14,651,647	14,651,647
Deferred tax liabilities	22,266,102	0
Other liabilities	7,862,028	7,862,028
Net assets	111,302,225	47,365,744
Less: non-controlling interest	4,758,907	3,182,991
Net assets acquired	106,543,318	44,182,753

(4). Gains/losses arising from remeasurement at fair value of previously held interests

Business combination achieved in stages and control obtained in the reporting period.

√ Applicable □ Not applicable

Unit: Yuan Currency: RMB

Acquiree's Name	Book value of previously held interests	Fair value of previously held interests	Gains/losses arising from remeasurement at fair value of previously held interests	Methods and hypothesis used to determine the fair value of previously held interests	Other comprehensive income related to previously held interests
Nor-Feed	7,422,826	23,732,709	16,198,109	Third-	111,774

Holding				party valuation	
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2. Business combination under common control

☐ Applicable ☒ Not applicable

3. Reverse acquisitions

☐ Applicable ☒ Not applicable

4. Disposal of subsidiary companies

Whether the circumstance exists that single disposal of subsidiary company induces the loss of control right

☐ Applicable ☒ Not applicable

Whether the circumstance exists that the Company disposes the investments in subsidiary companies by steps through multiple transactions and loses control right in the current period

☐ Applicable ☒ Not applicable

5. Change of consolidation scope for other reasons

☒ Applicable ☐ Not applicable

If applicable, description about the change of consolidation scope induced by other reasons (such as establishment of new subsidiary company, and liquidation of subsidiary company, etc.) and related situations.

In January 2023, the Group established a new subsidiary, Bluestar Adisseo Health and Nutrition (Nanjing) Co., Ltd.

6. Others

None

IX. Rights and Interests in Other Subjects**1. Rights and interests in subsidiaries**

☒ Applicable ☐ Not applicable

(1) Composition of enterprise group

Name of the Subsidiary	Principal place of business	Registration place	Business nature	Shareholding (%)		Acquisition method
				Direct	Indirect	
Bluestar Adisseo Nutrition Group, Ltd	Hong Kong	Hong Kong	Investment holding	100%		Business combination under common control
Drakkar Group S.A.	Belgium	Belgium	Investment holding		100%	Business combination under common control
G4 S.A.S	France	France	Investment holding		100%	Business combination under common control

Fondoir de Bayonne Blancpignon S.A.S	France	France	Production and sales of chemical products		100%	Business combination under common control
Adisseo France S.A.S	France	France	Production and sales of chemical products		100%	Business combination under common control
Casper G.I.E	France	France	Production and sales of chemical products		80%	Business combination under common control
Adisseo Eurasie S.A.R.L	Russia	Russia	Production and sales of chemical products		100%	Business combination under common control
Adisseo Life Science (Shanghai) Co., Ltd	China	China	Production and sales of chemical products		100%	Business combination under common control
Adisseo Canada Inc.	Canada	Canada	Production and sales of chemical products		100%	Business combination under common control
Adisseo Ireland Ltd	Ireland	Ireland	Production and sales of chemical products		100%	Business combination under common control
Adisseo de Mexico S.A. de C.V.	Mexico	Mexico	Production and sales of chemical products		100%	Business combination under common control
Adisseo USA Inc.	USA	USA	Production and sales of chemical products		100%	Business combination under common control
Adisseo Asia Pacific Pte. Ltd	Singapore	Singapore	Production and sales of chemical products		100%	Business combination under common control
Adisseo Trading (Thailand) Co., Ltd	Thailand	Thailand	Production and sales of chemical products		100%	Business combination under common control
Adisseo GMBH	Germany	Germany	Production and sales of chemical products		100%	Business combination under common control
Adisseo Espana S.A.	Spain	Spain	Production and sales of chemical products		100%	Business combination under common control
Adisseo Brasil Nutrição Animal Ltda	Brazil	Brazil	Production and sales of chemical products		100%	Business combination under common control
Innov'ia S.A.	France	France	Powder designer for chemical industry		99.95%	Business combination under common control

INNOCAPS S.A.R.L	France	France	Powder designer for chemical industry		99.95%	Business combination under common control
IDCAPS S.A.S.U	France	France	Powder designer for chemical industry		99.95%	Business combination under common control
Innov'ia 3I S.A.	France	France	Powder designer for chemical industry		99.95%	Business combination under common control
Innov'ia USA Inc.	USA	USA	Powder designer for chemical industry		99.95%	Business combination under common control
Capsulae S.A.S	France	France	Powder designer for chemical industry		99.95%	Business combination not under common control
LC Immo	France	France	Powder designer for chemical industry		99.95%	Business combination not under common control
LC Inodry	France	France	Powder designer for chemical industry		99.95%	Business combination not under common control
Bluestar Adisseo Nanjing Co., Ltd	China	China	Production and sales of chemical products		100%	Business combination under common control
Adisseo Philippines Inc.	Philippines	Philippines	Production and sales of chemical products		100%	Business combination under common control
Adisseo Animal Nutrition Pte Ltd	India	India	Production and sales of chemical products		100%	Business combination under common control
Adisseo Malaysia SDN. BHD	Malaysia	Malaysia	Production and sales of chemical products		100%	Established
Adisseo Nutrition & Healthcare (Nanjing) Co. Ltd	China	China	Production and sales of chemical products		100%	Established
Adipex S.A.S	France	France	Production and sales of chemical products		85.00%	Established
Nutriad Holding B.V.	Netherlands	Netherlands	Investment holding		100%	Business combination not under common control

Nutriad International	Belgium	Belgium	Production and sales of chemical products		100%	Business combination not under common control
Nutriad Ltd	UK	UK	Production and sales of chemical products		100%	Business combination not under common control
Nutriad Asia Ltd	Hong Kong	Hong Kong	Production and sales of chemical products		100%	Business combination not under common control
Feed Flavor Internationals (Jiangsu) Co., Ltd	China	China	Production and sales of chemical products		100%	Business combination not under common control
Nutriad Nutrição Animal Ltda	Brazil	Brazil	Production and sales of chemical products		100%	Business combination not under common control
Nutriad Polska Sp. Z o.o. Ul.	Poland	Poland	Production and sales of chemical products		100%	Business combination not under common control
Nutriad España S.A.	Spain	Spain	Production and sales of chemical products		100%	Business combination not under common control
Nutriad Italia srl	Italy	Italy	Production and sales of chemical products		100%	Business combination not under common control
Adisseo Animal Nutrition DMCC	UAE	UAE	Production and sales of chemical products		100%	Established
Adisseo Yem Katkileri Ltd	Turkey	Turkey	Production and sales of chemical products		100%	Established
Adisseo Venture	Belgium	Belgium	Investment holding		100%	Established
Framelco Group BV	Netherlands	Netherlands	Investment holding		100%	Business combination not under common control
Franklin Group B.V.	Netherlands	Netherlands	Production and sales of chemical products		100%	Business combination not under common control

Functional Lipids B.V	Netherlands	Netherlands	Production and sales of chemical products		100%	Business combination not under common control
Sustainable Nutrition S.L	Spain	Spain	Production and sales of chemical products		100%	Business combination not under common control
Franklin Asia Ltd.	Thailand	Thailand	Production and sales of chemical products		100%	Business combination not under common control
Fra CIS oos	Russia	Russia	Production and sales of chemical products		100%	Business combination not under common control
Nor-Feed Holding	France	France	Investment holding		93.28%	Business combination not under common control
Nor-Feed SAS	France	France	Production and sales of chemical products		93.28%	Business combination not under common control
SCI VERTE	France	France	Real Estate company		93.28%	Business combination not under common control
Bluestar Adisseo Health and Nutrition (Nanjing) Co., Ltd.	China	China	Production and sales of chemical products		100%	Business combination not under common control

(2) Important non-wholly owned subsidiaries

☐ Applicable ☒ Not applicable

(3) Main financial information of important non-wholly owned subsidiaries

☐ Applicable ☒ Not applicable

2. Rights and interests in Associates and joint ventures✓ Applicable ☐ Not applicable**(1) Financial information of unimportant joint ventures and associates**

	Closing balance/Transaction of this period	Opening balance/Transaction of last period
Joint ventures		
Book value of investment	230,959,421	275,944,401
Calculated based on shares in joint ventures		
- Net profit	(20,381,324)	(9,590,907)
- Other comprehensive income	(24,604,326)	20,262,714
- Total comprehensive income	(44,985,650)	10,671,807

3. Important joint operation☐ Applicable ✓ Not applicable**4. Rights and interests in the structuralized subjects not taken into the scope of consolidated financial statements**☐ Applicable ✓ Not applicable**5. Others**

None

X. Risks Related to Financial Instruments

✓ Applicable □ Not applicable

The Group's activities expose it to a variety of financial risks as follows:

- foreign exchange risk
- interest rate risk
- raw material risk
- credit risk
- liquidity risk

The Group's risk management objectives are to achieve proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance. Based on these risk management objectives, the Group's basic risk management strategy is to identify and to analyze the industry's exposure to various risks, and seeks to minimize potential adverse effects on the Group's financial performance.

1. Market risk

(1) Foreign exchange risk

The Group's major operational activities are carried out in France, Spain, United States, mainland China and a majority of the transactions are denominated in EURO, US Dollars and RMB. The Group's finance department at its headquarters continuously monitors foreign exchange risk of the Group and combine with the use of derivative financial instruments.

Assets and liabilities denominated in foreign currencies are summarized in Note VII (57).

The table below summarizes the sensitivity of the Group's profit before income tax ("P&L") and Other Comprehensive Income ("OCI") to a change of plus or minus 10% in foreign exchange rates against the euro, calculated on the net exposure presented above and on derivatives hedging future cash flows. The impacts of the derivative financial instruments only take into account the changes in their efficient portions / intrinsic values:

Hedged currencies	Increase of the euro by 10%		Decrease of the euro by 10%	
	Impact P&L	Impact OCI	Impact P&L	Impact OCI
USD	13,579,617	-1,692,037	-12,759,680	-985,738
Other currencies	914,536	-3,377,893	-1,873,405	4,083,330

Non-hedged currencies	Increase of the euro by 10%		Decrease of the euro by 10%	
	Impact P&L	Impact OCI	Impact P&L	Impact OCI
BRL	-12,175,089	0	12,175,089	0
Other currencies	-357,704	0	357,704	0

(2) Interest rate risk

The Group's exposure to the interest rate risk is primarily arising from net indebtedness including long-term interest-bearing debt and cash position.

The Group's finance department at its headquarters continuously monitors the interest rate position of the Group.

As at 30 June 2023, the Group's outstanding floating rate borrowings was at RMB 1,299,721,500 from a bank pool. As at 30 June 2023, if interest rates on the floating rate borrowings had risen/fallen by 50 basis points while all other variables had been held constant the Group's net profit would have

decreased/increased by approximately RMB 6,498,608. (As at 30 June 2022, the Group was not exposed to significant interest rate risk)

2. Credit risk

The Group is exposed to credit risk from its operating activities (primarily for trade receivables) and from its financing activities (including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments).

Bank deposits of the Group are mainly put in large or medium-sized listed banks with high credit standard. Therefore, the Group believes they suffer no significant credit risks or cause any significant losses as a result of contract breach of the counterparts.

The Group has a credit policy, approved by the Group Chief Finance Officer (CFO), which is designed to ensure that consistent processes are in place throughout the Group to measure and control credit risk. Such risk is considered as part of the risk-reward balance of doing business. Key requirements of the policy are formal delegated authorities to the sales and marketing teams to incur credit risk and to a specialized credit function to set counterparty limits. Before trading with a new counterparty can start, its creditworthiness is assessed and credit exposure limit is determined. Such exposure limit also depends on the limits of the credit insurer of the Group which is used for clients located in high-risk countries according to the Group. The assessment process takes into account all available qualitative and quantitative information about the counterparty and the group, if any, to which the counterparty belongs. Creditworthiness continues to be evaluated after transactions have been initiated with follow up on payment performances.

3. Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. The Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date are analyzed by their maturity date below:

Unit: Yuan Currency: RMB

Items	Closing balance				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities -					
Short-term borrowings	860,538,959				860,538,959
Accounts payable	1,515,679,140	0	0	0	1,515,679,140
Derivative financial instruments- liabilities	1,265,842				1,265,842
Other payables	912,652,924				912,652,924
Long-term borrowings		2,909,199	704,851,935	6,931,848	714,692,982
Long-term payables		20,687,447	2,460,932	11,424,733	34,573,112
Long-term lease liabilities		55,860,809	96,156,166	160,903,643	312,920,618
Current portion of long-term payables	820,305				820,305
Current portion of long-term borrowings	3,698,936				3,698,936
Current portion of lease liabilities	65,389,595				65,389,595
Total	3,360,045,701	79,457,455	803,469,033	179,260,224	4,422,232,413

Unit: Yuan Currency: RMB

Items	Opening balance				
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Financial liabilities -					
Short-term borrowings	850,296,856				850,296,856
Accounts payable	1,536,944,038				1,536,944,038
Derivative financial instruments- liabilities	363,722				363,722
Other payables	564,863,848	1,253,523	285,791	4,688,157	571,091,319
Long-term borrowings		202,888,901	633,692,973	7,014,641	843,596,515
Long-term payables		1,543,963	771,982	12,315,088	14,631,033
Long-term lease liabilities		35,102,748	90,003,771	156,438,770	281,545,289
Current portion of long-term payables	773,006				773,006
Current portion of long-term borrowings	3,481,385				3,481,385
Current portion of lease liabilities	62,296,179				62,296,179
Total	3,019,019,034	240,789,135	724,754,517	180,456,656	4,165,019,342

XI. Disclosure of Fair Value

✓ Applicable □ Not applicable

Based on the lowest level input that is significant to the fair value measurement in its entirety, the fair value hierarchy has the following levels:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

1. Closing fair value of the assets and liabilities measured with fair value

As at 30 June 2023, the assets measured at fair value on a recurring basis by the above three levels are analyzed below:

Unit: Yuan Currency: RMB

Items	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Continuous fair value measurement				
1. Trading financial assets		5,500,130		5,500,130
(1) Financial assets measured at fair value through profit or loss		5,500,130		5,500,130
(a) Investments in other equity instruments				
(b) Other non-current financial assets				
(c) Derivative financial assets		5,500,130		5,500,130
(2) Financial assets designated at fair value through profit or loss				
(a) Debt instrument investments				
(b) Equity instrument investment				
2. Investments in other bonds				
3. Investments in other equity instruments			272,134,856	272,134,856
4. Investment properties				
(1) Land use right for lease				
(2) Buildings for lease				
(2) Land use right held for value appreciation				
5. Other non-current financial assets			112,115,553	112,115,553

Items	Closing fair value			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
Total amount of assets measured with fair value continuously		5,500,130	384,250,409	389,750,539
6. Trading financial liabilities		1,265,842		1,265,842
(1) Financial liabilities measured at fair value through profit or loss		1,265,842		1,265,842
Including: Trading bonds issued				
Derivative financial liabilities		1,265,842		1,265,842
Others				
(2) Financial liabilities designated at fair value through profit or loss				
Total amount of liabilities measured with fair value continuously		1,265,842		1,265,842

2. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorized within Level 2

The fair value of financial instruments traded in an active market is determined at the quoted price in the active market; and the fair value of those not traded in an active market is determined by the Group using valuation technique. The valuation models used mainly comprise discounted cash flow model and market comparable corporate model. The inputs of the valuation technique mainly include risk-free interest rate, benchmark rate, exchange rate, credit spread, liquidity premium, EBITDA multiplier and restricted discount.

3. Valuation techniques used and the qualitative and quantitative information of key parameters for recurring and non-recurring fair value measurements categorized within Level 3

The financial assets measured within level 3 mainly includes the Group's investment in equity instruments of non-listed companies. The Group has determined the fair value of relevant equity instruments with reference to the initial investment cost of the companies and considering the development stage of the invested companies, also relevant indicators of comparable companies

4. The reasons for transfer of different levels, and the policy about the timing of those transfers for recurring fair value measurements

The Group takes the date on which events causing the transfers between the levels take place as the timing specific for recognizing the transfers. There is no transfer between Level 1 and Level 2 for current period.

5. The change of appraisal technology in the current period and the reasons for change

During current period, there were no changes in valuation techniques for the recurring and non-recurring fair value measurements.

6. The fair value of the financial assets and financial liabilities not measured with fair value

Financial assets and liabilities not measured at fair value mainly represent receivables, short-term borrowings, payables, current portion of long-term borrowing, current portion of long-term payables, long-term borrowings and long-term payables.

The carrying amount of the other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value.

XII. Related party relationships and transactions

1. Subsidiaries of the Company

For details about the enterprise's subsidiary companies, please refer to the Note IX (1).

2. Parent(s) of the Company

Unit: Yuan Currency: RMB

Name of parent company	Registered place	Business nature	Registered capital	Proportion of shares held by the parent company in the enterprise (%)	Proportion of voting right held by the parent company in the enterprise (%)
China National Bluestar (Group) Co., Ltd	Beijing	Research, development of new chemical materials, chemical cleaning, antiseptics, water treatment technology and fine chemical products	15,365,589,192	85.82%	85.82%

The enterprise's ultimate controller is China National Chemical Corporation.

3. Joint ventures or associates of the Company

☒ Applicable ☐ Not applicable

Name of the joint ventures or associates of the company	Relationship
CALYSSEO LIMITED	Joint venture of the Company
Calyseo (Chongqing) Co., Ltd	Subsidiary of a joint venture of the Company
Nor-Feed Vietnam Co. Ltd	Joint venture of the Company

4. Other related parties of the Company

☒ Applicable ☐ Not applicable

Bluestar Silicon Investment Co., Ltd	Controlled by the same parent company
Bluestar Nanjing Chemical New Materials Co., Ltd	Joint venture of the same ultimate controlling shareholder
Bluestar Shanghai Cleaning Technology Co., Ltd	Controlled by the same ultimate controlling shareholder
Lianyungang Lianyu Construction Supervision Co., Ltd	Controlled by the same ultimate controlling shareholder
Lanzhou Bluestar Cleaning Co., Ltd	Controlled by the same parent company
Elkem Silicones France SAS	Controlled by the same parent company
Hangzhou Water Treatment Technology Development Center Co., Ltd	Controlled by the same parent company
China Bluestar Lehigh Engineering Corp Co., Ltd	Controlled by the same parent company
ChemChina Finance Co, Ltd	Controlled by the same ultimate controlling shareholder
Beijing Bluestar Cleaning Co, Ltd.	Controlled by the same parent company
Haohua Chemical Technology Group Co. LTD Shuang Liu Branch	Controlled by the same parent company

Haohua Zhongyi Hebei New Materials Co. LTD	Controlled by the same parent company
Zhonghao Chenguang Chemical Research Institute Co. LTD	Controlled by the same parent company
Huaxia Hanhua Chemical Equipment Co., Ltd	Controlled by the same parent company
Tianhua Chemical Machinery and Automation Research and Design Institute Co. Ltd	Controlled by the same parent company
Sinochem Fertilizer Co. Ltd	Controlled by the same parent company
HaoHua Chemical Technology Group Co. Ltd	Controlled by the same parent company
China National Chemical Information Center Co.,Ltd. (CNCIC)	Controlled by the same parent company
Syngenta Crop Protection AG	Controlled by the same ultimate controlling shareholder
Southwest Chemical Research and Design Institute Co. LTD	Controlled by the same ultimate controlling shareholder
ZhongHao ChenGuang Chemical Research Institute Co. LTD	Controlled by the same ultimate controlling shareholder
Sinochem Finance Co., Ltd	Controlled by the same ultimate controlling shareholder
SinoChem Environmental Technology Engineering Co., LTD	Controlled by the same ultimate controlling shareholder
Sinochem Information Technology Co., LTD	Controlled by the same ultimate controlling shareholder
Nanjing Sanfang Chemical Equipment Supervision Co., Ltd.	Controlled by the same ultimate controlling shareholder
Southwest Chemical Research and Design Institute Co. LTD	Controlled by the same ultimate controlling shareholder
Etexe Technologies Limited	Controlled by the same ultimate controlling shareholder
Sinochem Information Technology Co., LTD	Controlled by the same ultimate controlling shareholder
GDEM Conseil	Other: Company owned by the Director of the Board

5. Related party transactions

✓ Applicable ☐ Not applicable

(1) Related party transactions of purchasing and sale of goods, rendering and receiving of labor services

Purchasing of goods/ receiving of labor services

Unit: Yuan Currency: RMB

Related party	Contents of Related party transactions	Amount incurred of current period	Amount incurred of last period
Hangzhou Water Treatment Technology Development Center Co., Ltd	Purchase of goods and service	28,850	
Tianhua Chemical Machinery and Automation Research and Design Institute Co. Ltd	Purchase of goods and service	371,814	3,141,529

Huaxia Hanhua Chemical Equipment Co., Ltd	Purchase of goods and service	510,625	3,624,424
Lanzhou Bluestar Cleaning Co., Ltd	Purchase of services	0	161,152
Lianyungang Lianyu Construction Supervision Co., Ltd	Purchase of services	428,103	898,611
Changsha Huaxing Construction Supervision Co., Ltd	Purchase of services	0	881,094
China Bluestar Lehigh Engineering Corp Co. Ltd	Purchase of services	405,189	52,719
Bluestar BeiJing Cleaning Technology Co. LTD	Purchase of services	1,586,604	1,856,037
GDEM conseil	Purchase of services	125,955	274,271
HaoHua Chemical Technology Group Co. Ltd	Purchase of goods and service	0	5,831,858
Southwest Chemical Research and Design Institute Co. LTD	Purchase of goods	0	345,132
Sinochem Information Technology Co., LTD	Purchase of services	57,317	0
Nanjing Sanfang Chemical Equipment Supervision Co., Ltd.	Purchase of goods and services	411,365	0
Elkem Silicones France SAS	Purchase of goods and services	123,004	0

Sale of goods/ rendering of services

Unit: Yuan Currency: RMB

Related party	Contents of related party transactions	Amount incurred of current period	Amount incurred of last period
Elkem Silicones France SAS	Sale of goods/rendering of services	7,881,184	6,697,310
Sinochem Fertilizer Co. Ltd	Sale of goods	0	7,318,808
Syngenta Crop Protection AG	Sale of goods	287,347	442,523
Etex Technologies Limited	Sale of goods	13,163,018	
Calyseo Limited	Rendering of services	144,156	317,270
Calyseo (Chongqing) Co., Ltd	Rendering of services	0	1,272,000

(2) Trust / contracting with related parties☐ Applicable ☒ Not applicable**(3) Leases with related parties**☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Related party	Category of asset	Lease expenses from short-term leases and low-value lease applying simplified method		Lease paid	
		Current period	Last period	Current period	Last period
China National Bluestar (Group) Co, Ltd	Office building	238,272	264,000	238,272	264,000

(4) Compensation paid for key management personnel✓ Applicable ☐ Not applicable

Unit: 10,000 Yuan Currency: RMB

Items	Current period	Last period
Remuneration of key management*	2,137	1,126

The amount for the current period included long-term bonus accrued in last three years and also reflected the change of key management since 26 April 2023.

(5) Other related party transactions✓ Applicable ☐ Not applicable

For the six months ended 30 June 2023, the Group has made payment of RMB 38,250,000 regarding construction projects to Calysseo Limited.

Please refer to Section 6 X Significant related party transactoin

6. Accounts receivable from and payable to related parties**(1) Accounts receivable**

Unit: Yuan Currency: RMB

Items	Related parties	Closing balance		Opening balance	
		Book value	Provision for bad debts	Book value	Provision for bad debts
Accounts receivable	China National BlueStar (Group) Co. Ltd	8,806,598		8,506,643	
Accounts receivable	Elkem Silicones France SAS	3,040,561		3,021,120	
Accounts receivable	Syngenta Crop Protection AG	50,508		0	
Other receivables	Calysseo Limited	118,360,354		79,139,667	
Other receivables	Calysseo (Chongqing) Company Limited	3,968,811		3,968,811	
Advances to suppliers	Huaxia Hanhua Chemical Equipment Co., Ltd	180,052		147,486	

(2) Accounts payable

Unit: Yuan Currency: RMB

Items	Related party	Closing balance	Opening balance
Other payables	Bluestar Silicon Investment Co. Ltd	11,911,803	11,714,009
Other payables	Lianyungang Lianyu Construction Supervision Co., Ltd	3,478,066	3,159,396
Other payables	Changsha Huaxing Construction Supervision Co., Ltd	2,148,901	2,148,901
Other payables	HaoHua Chemical Technology Group Co. LTD	0	180,000
Other payables	Haohua Zhongyi Hebei New Materials Co. LTD	46,903	46,903
Other payables	Hangzhou Water Treatment Technology Development Center Co., Ltd	81,239	3,733,066
Other payables	Huaxia Hanhua Chemical Equipment Co., Ltd	625,032	731,970

Other payables	Southwest Chemical Research and Design Institute Co. LTD	39,000	39,000
Other payables	Nanjing Sanfang Chemical Equipment Supervision Co., Ltd.	371,318	411,758
Other payables	Tianhua Chemical Machinery and Automation Research and Design Institute Co., LTD	16,814	0
Other payables	Sinochem Information Technology Co., LTD	57,317	0
Contract liabilities	Etex Technologies Limited	5,810	64,666

XIII. Share-based payments

☐ Applicable ☒ Not applicable

XIV. Capital management

The Group's capital management policies aim to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, refund capital to shareholders, issue new shares or sell assets to reduce debts.

The Group's total capital is calculated as 'shareholder's equity' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and manages capital using gearing ratio.

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Total Borrowings	1,957,241,090	2,041,216,224
Less : Cash at bank and on hand	869,547,966	796,360,472
Net Debt	1,087,693,124	1,244,855,752
Total owners' equity	15,081,281,223	14,952,834,360
Total Capital	16,168,974,347	16,197,690,112
Gearing ratio	6.73%	7.69%

XV. Commitments and Contingencies**1. Important commitments**

☒ Applicable ☐ Not applicable

(1) Capital commitments

Capital expenditures contracted for but not yet necessary to be recognized on the balance sheet:

Unit: Yuan Currency: RMB

Commitment type	Closing balance	Opening balance
Houses, buildings and machinery equipment	193,233,540	307,742,726
Total	193,233,540	307,742,726

Contingencies

☐ Applicable ☒ Not applicable

2. Other

☐ Applicable ☒ Not applicable

XVI. Matters after the Date of Balance Sheet

1. Important non-adjustment matters

☐ Applicable ☒ Not applicable

2. Profit distribution

☐ Applicable ☒ Not applicable

3. Sales return

☐ Applicable ☒ Not applicable

4. Others

☐ Applicable ☒ Not applicable

XVII. Other Important Matters

1. Corrections of prior period errors

☐ Applicable ☒ Not applicable

2. Debt restructuring

☐ Applicable ☒ Not applicable

3. Assets restructuring

☐ Applicable ☒ Not applicable

4. Annuity plan

☐ Applicable ☒ Not applicable

5. Discontinued operation

☐ Applicable ☒ Not applicable

6. Segment information

☒ Applicable ☐ Not applicable

(1) Identifying reportable segments and accounting policy

Reporting segments are determined according to operating segments, which is in accordance with the Group's internal organization structure, management requirements and internal reporting system. The Group only has one reporting segment – Health and nutrition.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management. The measurement criteria are consistent with the accounting and measurement criteria in the preparation of the financial statements.

(2) Financial information of reportable segments

Current period

Unit: Yuan Currency: RMB

Items	Health and nutrition	Total
Revenue from external customers	6,328,375,755	6,328,375,755
Revenue from transactions with other segments		
Operating cost	4,998,471,707	4,998,471,707
Impairment for the period	(26,378,396)	(26,378,396)
Credit losses	(6,926,899)	(6,926,899)
Interest income	8,588,639	8,588,639
Interest expense	35,735,384	35,735,384
Depreciation, amortization	754,424,503	754,424,503
Profit before income tax	55,116,368	55,116,368
Income tax expense or benefit	22,171,448	22,171,448
Net profit	32,944,920	32,944,920
Other items:		
Total assets	21,692,285,969	21,692,285,969
Total liabilities	6,611,004,746	6,611,004,746

(3) Explanation of the Group without reportable segment or cannot disclose the total assets or total liabilities of reportable segment

None

(4) Major customers

None single external customer amounts to 10 per cent or more of the consolidated operating income or the Company's operating income.

(5) Other explanation

Operating revenue from external customers by product and by geographical location
Refer to the Note VII.40 - *Detail of main businesses*.

Specified non-current assets by geographical location

Unit: Yuan Currency: RMB

Country or region	Non-current assets other than financial assets and deferred income tax assets	
	Closing balance	Opening balance
Europe / Africa/MO	9,222,640,934	8,536,878,878
North America	167,243,832	163,671,522
Asia / Pacific(excluded China)	57,631,162	56,368,765
South America	28,019,562	22,526,649
China	5,184,795,480	5,357,412,991
Total	14,660,330,970	14,136,858,805

7. Other important transactions and matters have impact on decision of investors

None

8. Others

None

XVIII. Main Items in the Financial Statements of the Company**1. Cash at bank and on hand**

Unit: Yuan Currency: RMB		
Items	Closing balance	Opening balance
Cash on hand		
Cash at bank	908,220	1,644,457
Other monetary funds		
Total	908,220	1,644,457

As at 30 June 2022 and 31 December 2021, no funds were restricted within the company.

2. Other receivables**(1) Other receivables by categories are as follows:**

Unit: Yuan Currency: RMB		
Items	Closing balance	Opening balance
Interest receivable		
Dividends receivable		
Other receivables	5,352,728	5,059,040
Total	5,352,728	5,059,040

(2) Interest receivable by deposit type

Unit: Yuan Currency: RMB		
Items	Closing balance	Opening balance
Fixed term deposit	0	0
Entrusted loan		
Bond investments		
Total	0	0

(3) Dividends receivable

Unit: Yuan Currency: RMB		
Items (Invested units)	Closing balance	Opening balance
Bluestar Adisseo Nutrition Group Limited	0	0
Total	0	0

(4) Other receivables

☐ Applicable ☒ Not applicable

3. Long-term equity investments

☒ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB						
Items	Closing balance			Opening balance		
	Book balance	Impairment reserve	Book value	Book balance	Impairment reserve	Book value
Investments in subsidiaries	10,500,492,549		10,500,492,549	10,500,492,549		10,500,492,549

Investments in joint ventures and associates						
Total	10,500,492,549		10,500,492,549	10,500,492,549		10,500,492,549

(1) Investments in subsidiary companies✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Invested units	Opening balance	Amount increased of current period	Amount decreased of current period	Closing balance	Impairment reserve withdrawn in current period	Closing balance of impairment reserve
Bluestar Adisseo Nutrition Group Limited	10,500,492,549			10,500,492,549		
Total	10,500,492,549			10,500,492,549		

4. Other payables✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Closing balance	Opening balance
Loans due to subsidiaries		
Dividends payable	404,967,092	0
Others	30,521,296	36,264,914
Total	435,488,388	36,264,914

5. Gain on investments✓ Applicable ☐ Not applicable

Unit: Yuan Currency: RMB

Items	Amount incurred of current period	Amount incurred of last period
Gain on long-term equity investments subject to accounting with cost method	0	455,546,000
Gain on dividend from investment in other equity instrument		0
Gain from disposal of investment in other equity instrument		0
Total	0	455,546,000

6. Others☐ Applicable ☒ Not applicable**XIX. Supplementary Data****1. Schedule of non-recurring gain or loss of current period**

Unit: Yuan Currency: RMB

Non-recurring profit or loss items	Amount of current period	Description (if applicable)
Net profit or loss on disposal of non-current assets	(579,384)	Scrapping of non-conform or defective equipment-BANC2 write-off
Government grants recognized in profit or loss, other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard	6,728,703	Mainly grants related to assets for land use right and industrial structure adjustment in Nanjing plant and related to R&D policy
Profit or loss on changes in fair value	30,138,400	AVF fair value change
Other non-recurring items	(7,108,727)	
Less: Impact of income tax	(6,419,378)	
Total	22,759,614	

2. Net return on assets and earnings per share

Profit of the reporting period	Weighted average return on net assets (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's common share holders	0.22	0.01	0.01
Net profit attributable to the Company's common shareholders after deduction of non-recurring gain or loss	0.07	0.00	0.00

3. Differences between amounts prepared under foreign accounting standards and China Accounting Standards

☐ Applicable ☒ Not applicable

Chairman of the Board: Zhigang Hao

Approved by the Board for submission on: 4 Aug 2023